



Ambertech Limited and Controlled Entities

ACN 079 080 158

Appendix 4E – Preliminary Final Report

Year Ended 30 June 2015

For Immediate Release 24 August 2015

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 2015

Key Information

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

	2015 \$'000	2014 \$'000	Movement Up \$'000	%
Revenue from ordinary activities	50,157	48,281	1,876	3.9
Loss after income tax for the period attributable to members	(1,654)	(1,000)	(654)	(65.4)

Dividends

The Board has announced that no final dividend will be paid in respect of the year ended 30 June 2015.

Dividend History

There were no dividends paid or declared during the year ended 30 June 2015.

	2015	2014
Net Tangible Assets per security	30.7c	32.1c

Further Explanation of the results follows in the attached commentary.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
Revenue	50,157	48,281
Cost of sales	(34,980)	(34,095)
Gross profit	15,177	14,186
Other income	-	144
Employee benefits expense	(8,500)	(8,512)
Distribution costs	(1,590)	(1,568)
Marketing costs	(1,053)	(1,195)
Premises costs	(1,901)	(1,895)
Depreciation and amortisation expenses	(279)	(285)
Finance costs	(829)	(459)
Travel costs	(483)	(576)
Other costs	(961)	(840)
Loss before income tax expense	(419)	(1,000)
Income tax expense	(1,235)	-
Loss for the year	(1,654)	(1,000)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(46)	82
Total comprehensive income for the year	(1,700)	(918)
Earnings per share		
Basic earnings per share (cents)	(5.4)	(3.3)
Diluted earnings per share (cents)	(5.4)	(3.3)

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
As at 30 June 2015

	2015	2014
	\$'000	\$'000
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	1,521	511
Trade and other receivables	7,325	8,242
Current tax assets	1	11
Inventories	14,906	13,760
TOTAL CURRENT ASSETS	23,753	22,524
NON-CURRENT ASSETS		
Plant and equipment	1,365	1,575
Intangible assets	16	25
Deferred tax assets	1,146	2,387
TOTAL NON-CURRENT ASSETS	2,527	3,987
TOTAL ASSETS	26,280	26,511
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Trade and other payables	9,113	8,258
Other financial liabilities	4,719	4,007
Provisions	1,605	1,706
TOTAL CURRENT LIABILITIES	15,437	13,971
NON-CURRENT LIABILITIES		
Other financial liabilities	23	58
Provisions	278	240
Deferred tax liabilities	3	3
TOTAL NON-CURRENT LIABILITIES	304	301
TOTAL LIABILITIES	15,741	14,272
NET ASSETS	10,539	12,239
<u>EQUITY</u>		
Share capital	11,138	11,138
Reserves	(33)	13
Retained earnings	(566)	1,088
TOTAL EQUITY	10,539	12,239

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2015

	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance as at 30 June 2013	11,138	(69)	2,088	13,157
Loss for the year	-	-	(1,000)	(1,000)
Other comprehensive income for the year	-	82	-	82
Total comprehensive income for the year	-	82	(1,000)	(918)
Transactions with equity holders:				
Costs of share based payments	-	-	-	-
Balance as at 30 June 2014	11,138	13	1,088	12,239
Loss for the year	-	-	(1,654)	(1,654)
Other comprehensive income for the year	-	(46)	-	(46)
Total comprehensive income for the year	-	(46)	(1,654)	(1,700)
Transactions with equity holders:				
Costs of share based payments	-	-	-	-
Balance as at 30 June 2015	11,138	(33)	(566)	10,539

Consolidated statement of Cash Flows
For the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	55,632	53,775
Payments to suppliers and employees	(50,702)	(52,139)
Interest received	22	25
Interest and other costs of finance paid	(829)	(459)
Income taxes refunded	10	
Net goods and services tax remitted	(3,766)	(3,562)
Net cash provided by/(used in) operating activities	367	(2,360)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(61)	(50)
Net cash (used in) investing activities	(61)	(50)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	4,353	133
Repayment of borrowings	(3,658)	(33)
Net cash provided by financing activities	695	100
Net increase/(decrease) in cash and cash equivalents held	1,001	(2,310)
Cash and cash equivalents at beginning of year	511	2,843
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies at the beginning of the financial year	9	(22)
Cash and cash equivalents at end of year	1,521	511

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

Notes to the Consolidated Financial Statements

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.

The preliminary financial report has been prepared in accordance with Australian Accounting Standards and Interpretations as issued by the Australian Accounting Standards Board and the Corporations Act 2001 as appropriate for profit oriented entities. The preliminary financial report does not include all the notes of the type normally included in an annual financial report.

Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public pronouncements made by the consolidated entity during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001. Accounting policies have been consistently applied by the entities in the group, and are consistent with those applied in the 30 June 2014 annual report.

	2015	2014
	\$'000	\$'000
2. Revenue		
Sale of goods and services	50,135	48,256
Interest received	22	25
Total	50,157	48,281
Other income		
- Net foreign exchange gains	-	145
3. Expenses		
Additional information on the nature of expenses		
Inventories		
Cost of sales	34,980	34,095
Movement in provision for inventory obsolescence	(282)	(1,525)
Employee benefits expense		
Salaries and wages	8,387	8,491
Employee termination expense	113	21
	8,500	8,512
Depreciation and amortization		
Plant and equipment	71	71
Furniture and fittings	36	38
Leasehold improvements	147	145
Leased plant and equipment	16	16
Website costs	9	15
	279	285
Bad and doubtful debts	29	27
Rental expense on operating leases		
Minimum lease payments	1,374	1,316

Notes to the Consolidated Financial Statements

	2015	2014
	\$'000	\$'000
4. Cash Flow Information		
(i) Cash and cash equivalents		
Cash and cash equivalents included in the statement of cash flows are comprised of the following amounts:		
Cash on hand	3	3
At call deposits with financial institutions	1,518	508
Total cash and cash equivalents	1,521	511
(ii) Reconciliation of loss after income tax to net cash provided by/(used in) operating activities		
(Loss) for the year	(1,654)	(1,000)
Depreciation and amortization	279	285
Net loss on disposal of plant and equipment	1	-
Foreign exchange loss/(gain)	156	(165)
Changes in operating assets and liabilities		
Decrease in trade and other receivables	878	693
Decrease/(increase) in prepayments	26	(58)
(Increase) in inventories	(1,207)	(787)
Decrease in tax receivable	1	-
Decrease in deferred taxes	1,235	-
Increase/(decrease) in payables	708	(1,511)
(Decrease)/increase in provisions	(56)	181
Net cash provided by/(used in) operating activities	367	(2,393)

(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

	2015	2014
5. Earnings Per Share		
Basic earnings per share (cents)	(5.4)	(3.3)
Weighted average number of ordinary shares (number)	30,573,181	30,573,181
Earnings used to calculate basic earnings per share (\$,000)	(1,654)	(1,000)
Diluted earnings per share (cents)	(5.4)	(3.3)
Weighted average number of ordinary shares (number)	30,573,181	30,573,181
Earnings used to calculate diluted earnings per share (\$,000)	(1,654)	(1,000)

Further Explanation of the results

For the year ended 30 June 2015

Result for the year

	2015 \$'000	2014 \$'000	Change up/(down) %
EBIT	375	(566)	
Net finance costs	(794)	(434)	
Loss before income tax	(419)	(1,000)	58.1
Income tax expense	(1,235)	-	
Loss for the year	(1,654)	(1,000)	(65.4)

The 2015 financial year saw Ambertech return a positive EBIT as the restructure of the business continues to develop and make an impact on the reported results. Finance costs increased from the prior year as a result of moving the company's primary lending facility to an invoice discounting facility. This new lending facility is more expensive; however it provides the company with greater flexibility and growth capacity. It has allowed management the flexibility of decision making it required to make tough decisions regarding restructuring the business for future success.

Despite this improvement we still report a loss before tax for the financial year. As a result of this and previous results, the Board determined that it could no longer justify the recognition of a deferred tax asset resulting from accumulated tax losses.

This has resulted in a tax expense of \$1,235,000 for the year. At balance date, total unused tax losses available amounted to \$5,681,604. The potential tax benefit of these losses at 30% is \$1,704,481.

Segment Results

	Lifestyle Entertainment			Professional			New Zealand		
	2015 \$'000	2014 \$'000	Change up/ (down) %	2015 \$'000	2014 \$'000	Change up/ (down) %	2015 \$'000	2014 \$'000	Change up/ (down) %
Sales to external customers	26,196	24,191	8.7	20,111	20,391	(1.3)	3,828	3,674	7.0
Segment EBIT	(201)	(559)	64.0	207	210	(1.4)	142	(2)	N/A

Lifestyle Entertainment

Ambertech's Lifestyle Entertainment group has undergone significant structural transformation during the course of the financial year. Costs structures relating to underperforming areas have been addressed in order to stabilise returns. Our pathway towards growth in this area remains founded in emphasising core brands which provide a suitable return on investment, and on new brands that are complementary or are considered to be in growth areas.

The second half of the financial year was again a loss for this segment of our business. This area has been the most challenging for Ambertech for some time now, with a significant component of the segment customer base greatly reducing business activity in the post- Christmas period.

Other product areas have performed better in this segment. The accessories products group continues to be a consistent performer with strong sales of remote controls and antennas. The custom installation and commercial display areas are more projects related and continue to provide good underlying run rate business.

Professional Segment

The professional products area continues to be a consistent performer. Ambertech has represented many of these agencies for a long time; these are core infrastructure products that are sold on a daily basis.

Our media systems offerings are predominantly project based, with recurring revenue from support contracts. Management continues to focus on growth areas including law enforcement, defence and mining with communications systems. During the year fewer capital projects came to fruition in the traditional broadcast media space. However some of our newer brands have developed into core offerings which should see growth in coming periods.

New Zealand

Ambertech's New Zealand operation reported a profit for the year due to growth of brand performance and with success in project work during the second half of the year. Well done to the team in New Zealand.

Outlook for the business

The 2015-16 financial year has begun well, and as a result the Board of Ambertech ("the Board") is cautiously optimistic that it can deliver on business strategies, which continue to focus on returning positive results for investors in the short term. At this early stage the Board is unable to provide guidance on potential results with any certainty; however expects to be able to update investors by the time of holding the company's AGM.

The Board and management remain focused on utilising 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, 24 August 2015