



Annual Report

Annual Report for the year ended
30 June 2010

Ambertech Limited

ACN 079 080 158





Mission Statement



Corporate Mission

Ambertech Limited is an acknowledged leader in the identification, supply and distribution of advanced technologies for the Professional and Consumer audio/visual markets within the Oceania region.

Our purpose is to add significant operational value by developing and strengthening customer relationships, expanding horizons of opportunity and delivering strong and continuous financial growth to stakeholders, through our proven ability to integrate, implement and commercialise existing and emerging technologies.



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Chairman's and Managing Director's Review



Chairman's and Managing Director's Review

On behalf of the Board and the executive management, we present to you the Annual Report of Ambertech Limited for 2010.

The 2010 financial year was a challenging one for Ambertech and the diverse portfolio of products the business represents. This was particularly true of the second half of the financial year, where a range of factors impacted on business activity in our major markets, and this is reflected in our results for the financial year.

Profit after tax for the year was down by 11.1%. The major drivers of this result included slow post Christmas retail sell through, particularly in home theatre and accessories products; the continued depression of new home building market, restricting sales in our custom install markets; and the cautious release of funding for broadcast projects flowing on from the global financial crisis.

Despite these factors, the business was cash flow positive for the financial year, returning cash flows from operations of \$1.7million.

The challenge for the 2010/11 financial year is to return the business to positive revenue growth, whilst focusing on controlling costs in the business to achieve growth in profits. We believe that we have taken the appropriate measures to ensure the business is well placed to meet this challenge in the coming financial year.

In the short term we expect that we will continue to see uncertainty in the economic outlook both for our markets and globally. We also anticipate that there is likely to be further consolidation of global suppliers of equipment, and this continues to present both risks and opportunities for Ambertech.

The Board of Ambertech is confident that new product released to the market late in the 2010 financial year and recently in the 2011 financial year will assist with growth in the business. Our order book for major capital projects is also very positive and a number of these should be complete in the half year to 31 December 2010.

The Board of Directors would once again like to thank all management and staff for their contributions to the performance and development of the company during the year.



P F Wallace
Chairman



P A Amos
Managing Director

Lifestyle Entertainment



Lifestyle Entertainment Update

Ambertech's lifestyle entertainment business segment is a leader in the distribution of home theatre products, custom installation components for home theatre and commercial installations, projection and display products with business and domestic applications, and a large range of video and audio accessories.

During the year we had a number of highlights, including:

- Release to market of the new range of Onkyo receivers. This range was the first released in Australia with a HDMI 1.4 3D compatible feature set.
- Record sales of our accessories brands, primarily through Australia's leading electronics retailers.
- Ongoing supply of Projection Design projectors into multiple 3D installations, including the Day in Pompeii Exhibition that has travelled Australia.
- Successful launch of the new Sonance Architectural range including training for our dedicated dealer partners.

In the first half of the financial year the segment recorded record sales. Strong growth in the lead up to Christmas was a major driver of business performance during this period, particularly in the accessories market.



In the second half of the year business slowed significantly. Among the major customers for this business unit are many of Australia's leading electronics retailers, where sales of home theatre products and electronics accessories in the post Christmas period were slower than expected. The depressed new home building sector continued to hinder sales efforts in our custom home market.

Despite these challenges, there are signs that new offerings to market

from a number of our major suppliers have been well received and we hope to build off this during the course of the new financial year. Other endeavours expected to generate rewards into the future include:



- New markets established within the high end electrical contractors where relationships have been built with a full cross section of product support from these partners;
- Positive push into architects and specifiers channel generating leads and developing a data base across the country to expand our traditional markets for custom home products; and
- Continued push into government, education and other facilities with our range of projection, digital signage and video conferencing offerings.



Broadcast and Professional



Broadcast and Professional Update



There can be no doubt that we finally saw the effects of the GFC flowing through to the Professional markets in 2009-2010. In our Audio, Reseller and Distribution products such as Neutrik and Canare, the effects were observed as a general reduction in purchasing, which is largely attributable to the uncertainty of the market for services consumption that forms the backbone for these products (Sound Studios, Production companies, Live Sound, Staging as well as the Broadcast and Television production markets).

Without confidence in the consumer market, investment in projects was inevitably curtailed, with old equipment being repurposed rather than new equipment purchased.

However we were fortunate to sustain a reasonable proportion of our ongoing business in these areas, with some notable expansions and ground-laying for the future, such as:

- Expansion of presence in the MI (Musical Instrument) market. With a specialist salesperson online and running, we have opened up a dedicated operation to supply this lucrative market with some key new product offerings from Radial, Cordial, TC Electronics, SSL, Faith Guitars and BLUE Microphones. Initial signs are very encouraging.
- Value adding in the Police market – the on-sale of NTI Audio measuring equipment to support our success with Police Interview recorders.
- CP cases – considerable success with this new brand in a difficult market, with large sales to TRP (Racing Victoria's Outside Broadcast facility) and to Defence.



In the Broadcast and Systems markets, we were also impacted by a lack of confidence in our traditional markets, and a resultant lack of investment. A number of key projects were initially postponed, and then either cancelled or substantially reduced. This sector has a substantial part of its budget made up of carefully weighted high value projects, which can have a significant impact either positively or negatively depending on whether they get funded.

On the positive side, we achieved some highly notable successes that bode well for the future, with both old and new product ranges. In particular, we secured distribution rights for Snell, a major supplier of broadcast infrastructure products formed by the merger of one of our existing lines - Pro-Bel with Snell & Wilcox, and we have already seen significant revenue from the line.

Examples of particular note are:

- Installation of a \$2million Snell Morpheus play out system for Prime Television in Canberra.
- Installation of a Snell Morpheus play out system at the new Mediahub play out centre handling ABC and WIN television. The subject of much media focus, the Morpheus is absolutely central to the functioning of the centre.
- A major sale of over \$1million of Snell Infrastructure and AVID Graphics processors to Network Seven In Melbourne
- Sale of Snell Video Switchers to the Victorian State Parliament
- A sale of over \$1million of AVID installation for Network Seven in Melbourne

The expansion of our markets remains a priority, with a focus on sales to Systems Integrators proving very successful particularly with respect to the Opticomm range of Fibre Optic systems. We have also seen considerable success with Defence, and have secured endorsement under the "Defence Recognised Supplier Scheme (DRSS). This enables us to display a Defence Logo as recognition of our history of successful supply to this valuable group of customers – a trend that we intend to continue.



New Zealand



New Zealand Segment

There is no denying that the past financial year was challenging for all of us, however our New Zealand segment is pleased to be able to report on some encouraging results and milestones achieved during the year.

Following on from the positive addition of a sales representative for the South Island Custom Install and AV markets last year Amber NZ has added a sales representative for the North Island this year. Results have been visible quickly as our customers reacted confidently to the additional resource.

Sales results for both Optoma and Lumens agencies are showing growth now with results well above the previous year. Altec Lansing consumer audio products were added to the Amber NZ portfolio in the third quarter and marked a significant milestone for the company with entry into the lucrative consumer market in New Zealand. Now with the Altec Lansing, Trickle Star and Thor agencies Amber NZ is well positioned to take advantage as the retail sector continues its recovery.



The sale of the Solid State Logic C200 64 channel console to the Otago University was quite a coup for Amber NZ. This deal was a full package transaction including, SSL engineers to install the console in "The Albany Street Studio", engineers to train the staff and to supply ancillary equipment such as Dynaudio Acoustics Air 25 DSP Active Speakers, DPA microphones, SE Microphones, TC Studio Effects, Tube-Tech, cables and connectors. Further information and pictures about "Music Makers of Otago University Department of Music Albany Street Studio" can be found on their Facebook page at <http://www.facebook.com/group.php?gid=34449347959>.

During the second half of the financial year Amber NZ began its biggest project for the year, a complete upgrade, integration and fit-out of TVWorks News and Post Production End to End Enterprise system from Avid Technology. Amber NZ was the incumbent supplier for this technology at TVWorks with the first deployments being back in 2005 for News and 2006 for Post Production. The new Avid ISIS™ system with Avid Interplay™ updates both these systems in one unified solution and also connects to all necessary 3rd party systems to provide a "True" End to End solution.

In these trying times it's pleasing to be able to report positively on our continued expansion and agency acquisition plus multiple significant project successes in the New Zealand operation and we see encouraging opportunities looking ahead.



Our Business and Brands



Our business and brands

Ambertech's core business is the ownership and management of mostly exclusive distribution rights with leading manufacturers. Strong relationships with these manufacturers are pivotal to our success and have provided the basis for solid growth.

Ambertech's lifestyle entertainment business segment is a leader in the distribution of home theatre products and accessories to dealers, distribution and supply of custom installation components for home theatre and commercial installations to dealers and consumers, and the distribution of projection and display products with business and domestic applications.

Ambertech's professional business segment supplies product and services to television stations, radio stations, cinemas, post-production facilities, as well as military and education establishments. Being entirely business-to-business in nature, these divisions are unaffected by the potential volatility of consumer sentiment or retail sales trends.

In New Zealand Ambertech distributes a wide range of quality products for both professional and consumer markets in New Zealand.





Corporate Governance Statement



Corporate Governance Statement

Ambertech Limited (the Company) and the Board are committed to achieving and demonstrating high standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of all stakeholders.

A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

Principle 1: Lay solid foundations for management and oversight

The Board is responsible to the shareholders and is accountable to them for the performance of the Company in both the short and the longer term and seeks to balance sometimes competing objectives in the best interests of the company as a whole. Its focus is to enhance the interests of shareholders and other key stakeholders and to deliver value through the effective governance of the business.

The responsibilities of the Board include:

- Providing strategic guidance to the company, including contributing to the development of and approving the corporate strategy.
- Reviewing, approving and monitoring systems of risk management and internal control, codes of conduct, legal compliance and accountability systems.
- Monitoring financial performance, including approval of the annual and half-yearly financial reports.
- Reviewing and approving annual budgets and financial plans, including major capital expenditure initiatives.
- Overseeing and monitoring the progress of major capital expenditure, capital management and acquisitions and divestments.
- Appointing and removing the Managing Director (MD).
- Ratifying the appointment and removal of the Chief Financial Officer (CFO).
- Monitoring the performance of the MD and CFO against annually set key performance indicators.
- Ensuring appropriate resources are available to senior executives
- Acting as an interface between the Company and shareholders.

Day to day management of the company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the MD, CFO and other senior executives.

Performance assessments for senior executives, other than the CFO, are the responsibility of the MD.

Assessment of the MD, CFO and other senior executives last took place in August 2010 as part of an annual review process. Assessments consist of formal meetings to discuss performance against set KPIs which are based on company performance targets, and vary according to the roles and responsibilities of the executive. At the same time, these KPIs are aligned to reflect the common corporate goals such as growth in earnings and shareholders' wealth, and achievement of working capital targets.

The Board has adopted a formal charter and a copy is available on the company's website.

Principle 2: Structure the board to add value

Details of the members of the Board, their experience, expertise, qualifications and term of office are set out in the Directors' Report under the heading "Information on directors". At the date of signing the Directors' Report, the Board comprises four non-executive directors, including the Chairman, and one executive director.

As a team, the Board brings a range of qualifications, with experience in high technology equipment, finance, accounting, public company affairs and corporate governance. The Board believes that the first priority in the selection of directors is their ability to add value to the Board and enhance Ambertech's performance.

The Board's view is that independence is extended to those non-executive directors whose interests are less than 10% of issued capital, where that director is not the major shareholder, and where no ongoing services are being provided to the Company by the director or related entities.

At the date of signing the Directors' report, the Board comprises three independent directors, (Mr Peter Wallace, Mr Edwin Goodwin, and Mr David Swift) and two non-independent directors (Mr Thomas Amos and Mr Peter Amos).

The Chairman undertakes a regular performance evaluation for the board, its committees and directors. The Chairman meets privately with each director to discuss assessments. A performance evaluation has taken place during the reporting period in accordance with the process described above.

The Board has established a Nomination and Remuneration committee as outlined under the heading Principle 8: Remunerate fairly and responsibly.

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, subject to approval of cost by the Chairman.

Principle 3: Promote ethical and responsible decision-making

The company has developed a broad code of conduct for all staff which operates in conjunction with a strong network of company policies to ensure all personnel act with integrity, objectivity and in compliance with the letter and the spirit of the law and company policies. The code applies to all employees within the company from the Board, through management to all other staff. The code encourages all staff and other stakeholders to report any breaches of the code to the Chairman of the Board, who is required to investigate and report on all such matters.

The Code of Conduct is supported by more detailed policies setting out the philosophy of the company in relation to its various stakeholders. A copy of the code is available on the company's website.

Securities Trading

The Company's Directors and Officers are prohibited from dealing in any of the Company's shares, except while not in possession of unpublished price sensitive information. Directors and Officers are prohibited from dealing in the Company's shares during specified periods prior to the release of the Company's results, or before the AGM. Directors and Officers must notify either the Chair or the Company Secretary prior to dealing in the Company's shares.

The Board has established a securities trading policy and a copy is available on the company's website.

Principle 4: Safeguard integrity in financial reporting

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee responsible for ensuring that:

- reporting on the financial and other performance indicators for the Company meets all applicable legislative and accounting standards;
- the Company's control and accountability systems are robust;
- the Company identifies and monitors major risks as well as reviewing and ratifying systems of risk management, and internal compliance and control; and
- governance policies of the Company comply with all relevant legislation.

Members of the Committee are Ed Goodwin (Chairperson) and Peter Wallace, each of whom is a non-executive director with appropriate financial and business expertise to act effectively as a member of the Audit and Risk Management Committee. The committee contains only two members as it would be inefficient for the structure of the board to have three members.

The Audit and Risk Management Committee meets at least three times a year and reports regularly to the Board. The Audit and Risk Management Committee has direct access to any employee, the auditors or any other independent experts and advisers, as it considers appropriate in order to ensure that its responsibilities can be carried out effectively. The Audit and Risk Management Committee has a formal charter.

Details of the members of the committee, their experience, expertise, qualifications and attendance at meetings of the committee are set out in the Director's Report.

External Audit

The Board has delegated to the Audit and Risk Management Committee responsibility for making recommendations on the appointment, evaluation and dismissal of external auditors, and ensuring that the auditors report to the Committee and the Board.

It is policy for the external auditors to provide an annual declaration of independence to the Audit and Risk Management Committee. The external auditor will attend the Annual General Meeting and be available to shareholders for questions regarding the conduct of the audit and preparation of the content of the Audit Report.

Principles 5 and 6: Make timely and balanced disclosures and Respect the rights of shareholders

The Chairman and Company Secretary are responsible for communications with the ASX, and ensuring compliance with the continuous disclosure requirements in the ASX listing rules. Management are responsible for ensuring that all potential corporate information that could materially affect the price or value of the company's shares is brought to the attention of the Chairman or Company Secretary immediately it becomes known. This information is then assessed in liaison with the Board and management in regards to ASX listing rule requirements of 3.1.

The company has a shareholder communications policy which recognizes the value of providing current and relevant information to shareholders. All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX, and remains available to shareholders for at least two years. The current and historical share price details are also available on the website.

All shareholders have the option to receive a hard copy of the Annual Report. The company does provide the opportunity for shareholders to receive the Annual Report through electronic means. A copy of the Annual Report is made available from the company's website.

The Board has adopted a continuous disclosure and communications policy and a copy is available on the Company's website.

Principle 7: Recognise and manage risk

The Board, through the Audit and Risk Management Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal controls. The Board has required management to design and implement a risk management and internal control system to manage the Company's material business risks and to report to it on whether those risks are being managed effectively.

In summary, the Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of business objectives. To realise its risk management objectives, the company:

- Identifies and assesses risks to business and understands how such risks influence performance;
- Ensures that an appropriate risk management framework is in place, that it is aligned to the company's business strategy and that it evolves with the business;
- Supports the framework and strategy with an appropriate organisational structure and ensures that associated responsibilities are clearly defined and communicated at all levels;
- Ensures that risk management information is communicated through a clear and robust reporting structure; and
- Integrates ongoing risk management activities within the business.

The Managing Director is responsible for overall risk management leadership, policy and program implementation. The Chief Financial Officer (CFO) supports the Managing Director in discharging these responsibilities and is responsible for providing appropriate risk management resources to guide and support all personnel in maintaining the risk management framework, as well as coordinating regular reporting to the Audit and Compliance Committee.

The CFO also ensures that his report to the Board notifies directors of any issues or concerns and reports as to the effectiveness of the Company's management of its material business risks.

Management has reported to the Board as to the effectiveness of the Company's management of its material business risks. The Managing Director and Chief Financial Officer have also made the following certifications to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and Group and are in accordance with relevant accounting standards.
- That the above statements are founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material aspects.

Principle 8: Remunerate fairly and responsibly

Nomination and Remuneration Committee

The Board has established a Nomination and Remuneration Committee. The committee has a formal charter. The role of the Nomination and Remuneration Committee is to provide recommendations to the Board on various matters including:

- appropriate remuneration policies and monitoring their implementation including with respect to executives, senior managers and non-executive directors;
- incentive schemes designed to enhance corporate and individual performance; and
- retention strategies for executives and senior management.

Members of the Nomination and Remuneration Committee are Peter Wallace (chairperson), and David Swift, each of whom is a non executive director. Details of the members of the committee, their experience, expertise, qualifications and attendance at meetings of the committee are set out in the Director's Report.

The Nomination and Remuneration Committee meets at least once a year and at such other times as the chairman of that committee considers necessary. The Remuneration Report, within the Directors' Report, sets out the Company's policies for remunerating Directors, the Managing Director, the Chief Financial Officer and other senior executives.

Financial Report



AMBERTECH LIMITED AND CONTROLLED ENTITIES

ACN 079 080 158

DIRECTORS' REPORT

The directors present their report together with the financial statements of the consolidated entity consisting of Ambertech Limited and its controlled entities, ("company" or "economic entity") for the year ended 30 June 2010 and the auditor's report thereon.

DIRECTORS

The qualifications, experience and special responsibilities of each person who has been a director of the Company at any time during or since the end of the financial year are listed below, together with the details of the company secretary as at the end of the financial year. All directors were in office since the start of the year unless otherwise stated.

Information on directors

Peter Francis Wallace

Chairman - Non Executive Director

Aged 50

Member of the Audit and Risk Management Committee and Chairman of the Remuneration and Nomination Committee.

Peter Wallace is the founder and Managing Director of Endeavour Capital Pty Limited, an independent corporate advisory firm. Prior to establishing Endeavour Capital Pty Limited in 1998, he was an Investment Director with private equity company Hambro-Grantham. Mr Wallace has been a non-executive director of over 20 groups of companies. He is currently the non-executive chairman of ASX listed, Ideas International Limited.

Mr Wallace has a Bachelor of Commerce degree from the University of New South Wales and a Master of Business Administration degree from Macquarie University. He is a member of the Institute of Chartered Accountants, and a fellow of the Australian Institute of Company Directors.

Mr Wallace has been a director of Ambertech's Group companies since February 2000 and Chairman of Ambertech Limited since October 2002.

Peter Andrew Amos

Managing Director

Aged 53

Peter Amos graduated from Sydney Technical College (now University of Technology, Sydney) with a Radio Trade Certificate and from North Sydney Technical College with an Electronics Engineering Certificate. He joined Rank Electronics, the Company from which Ambertech was formed via a management buyout, as a technician in the mid 1970s, rising from Senior Technician to Service Manager. Upon the formation of Ambertech Limited, Mr Amos became Technical Director of the Ambertech Group. He also served in a senior role as Marketing Director of Quantum Pacific Pty Ltd, another company owned by the Ambertech Limited, until it was sold in the mid 1990s.

Mr Amos has served as Managing Director of Ambertech Limited since 1995 and presided over the growth of the Company since that date. Mr Amos has been a director of Ambertech's Group companies since 1987.

Thomas Robert Amos

Non-Executive Director

Aged 59

Tom Amos founded telecommunications consultancy Amos Aked Pty Limited in the early 1980s. His career in telecommunications and media spans over 30 years, during which time he has been involved in all facets of the industry. An engineer by profession, Mr Amos holds a B.E. (Electrical Engineering) degree from Sydney University.

Mr Amos has also been prominent in the telecommunication deregulation debate over a period of 15 years as a (former) director and Vice Chairman of Australian Telecommunications Users Group Limited ("ATUG") and as an industry commentator. He is a director of Wave Link Systems Pty Limited and Amos Aked Swift (NZ) Limited.

Mr Amos has been a director of Ambertech's Group companies since June 1997.

AMBERTECH LIMITED AND CONTROLLED ENTITIES

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DIRECTORS' REPORT

Edwin Francis Goodwin

Non-Executive Director

Aged 62

Chairman of the Audit and Risk Management Committee

Ed Goodwin holds a BSc in economics from London University and an MBA from Sydney University. In recent years he has been working in new venture finance, following 25 years in senior finance and business development roles primarily in the telecommunications industry.

Mr Goodwin has been a director of Ambertech's Group companies since June 1997.

David Rostil Swift

Non-Executive Director

Aged 63

Member of the Remuneration and Nomination Committee.

David Swift, who holds a B.E. (Electrical Engineering) degree from the University of NSW, has extensive experience in both the telecommunications and professional electronics industries. Mr Swift, a co-founder of Amos Aked Swift Pty Ltd and the founder of AAS Consulting Pty Ltd, is currently the Business Development Director of Gibson Quai - AAS Pty Ltd, an independent telecommunications management and technology consulting practice operating in the Australasian Pacific region.

Mr Swift is also a Director and the Chairman of the Australian Telecommunications Users Group Limited (ATUG) and a Director of Amos Aked Swift (NZ) Limited. In addition to his consulting experience he has had significant management experience through senior positions with both Westpac Banking Corporation and Telecom Australia. Mr Swift has been a director of Ambertech's Group companies since June 1997.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year: **Robert John Glasson**

Robert Glasson joined Ambertech Limited in July 2002 and also holds the position of Chief Financial Officer. He has a Bachelor of Business degree from the University of Technology, Sydney, and is a member of the Institute of Chartered Accountants in Australia. He was appointed to the role of Company Secretary on 1 November 2004.

CORPORATE INFORMATION

Nature of operations and principal activities

The principal activities of the consolidated entity during the financial year were the import and distribution of high technology equipment to the professional broadcast, film, recording and sound reinforcement industries; the import and distribution of home theatre products to dealers; distribution and supply of custom installation components for home theatre and commercial installations to dealers and consumers, and the distribution of projection and display products with business and domestic applications.

There have been no significant changes in the nature of these activities since the end of the financial year.

Employees

The consolidated entity employed 115 full time employees as at 30 June 2010 (2009: 110 employees).

REVIEW AND RESULTS OF OPERATIONS

The consolidated profit of the economic entity after providing for income tax for the financial year was down by 11.1% to \$1,606,000 (2009: \$1,806,000). Total revenues for the financial year decreased by 7.6% to \$66,204,000 (2009: \$71,620,000). Further information on the operations is included in the Chairman's and Managing Director's Report section of the Annual Report, and in the ASX Appendix 4E.

FINANCIAL POSITION

The directors believe the economic entity is in a strong and stable financial position to expand and grow its current operations. The economic entity recorded positive operating cash flows of \$1,710,000 for the year ended 30 June 2010 in difficult trading conditions. Borrowings were increased by \$500,000 during the financial year whilst maintaining a healthy working capital ratio.

The economic entity's working capital, being current assets less current liabilities, has decreased by \$37,000 to \$16,735,000 as at 30 June 2010 (2009: \$16,772,000). The net assets of the economic entity have also decreased by \$255,000 to \$20,057,000 as at 30 June 2010 (2009: \$20,312,000). This change in net assets is largely due to the following factors:

- Reduced sales revenue in the second half of the year resulting in a decrease in both receivables and current liabilities and an increase in inventory.
- Timing of dividend payments made during the year in respect of the financial year ended 30 June 2009.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the economic entity during the financial year.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Apart from the above, there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations or the state of affairs of the economic entity in future years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The challenge for the 2010/11 financial year is to return the business to positive revenue growth, whilst focusing on controlling costs in the business to achieve growth in profits. We believe that we have taken the appropriate measures to ensure the business is well placed to meet this challenge in the coming financial year.

In the short term we expect that we will continue to see uncertainty in the economic outlook both for our markets and globally. We also anticipate that there is likely to be further consolidation or casualty of global suppliers of equipment, and this continues to present both risks and opportunities for Ambertech.

The Board of Ambertech is confident that new product released to the market late in the 2009/10 financial year and recently in the 2010/11 financial year will assist with growth in the new financial year. Our order book for major capital projects is also very positive and a number of these should be complete in the half year to 31 December 2010.

ENVIRONMENTAL REGULATION

The company is subject to regulation by the relevant Commonwealth and State legislation. The nature of the company's business does not give rise to any significant environmental issues.

REMUNERATION REPORT (AUDITED)

The information provided below includes remuneration disclosures that are required under the Corporations Act 2001. The disclosures have been transferred from the financial report and have been audited.

Non-Executive Director Remuneration

Remuneration of non-executive directors is determined by the Remuneration and Nomination Committee. In determining payments to non-executive directors, consideration is given to market rates for comparable companies for time, commitment and responsibilities. The Remuneration and Nomination Committee reviews the remuneration of non-executive directors annually, based on market practice, duties and accountability.

Remuneration of non-executive directors comprises fees determined having regard to industry practice and the need to obtain appropriately qualified independent persons. Fees do not contain any non-monetary elements.

Executive Remuneration

Managing Director and Chief Financial Officer

Remuneration of the Managing Director and the Chief Financial Officer (CFO) is determined by the Remuneration and Nomination Committee. In this respect, consideration is given to normal commercial rates of remuneration for similar levels of responsibility. Remuneration comprises salaries, bonuses, contributions to superannuation funds and options.

The Managing Director and CFO receive an incentive element of their salary which is based on achievement of Key Performance Indicators (KPIs) relevant to their responsibilities. This includes a component that is based on the company's profit targets. The total incentive amounts payable are capped at a fixed rate rather than as a percentage of total remuneration.

KPIs are set annually by the Remuneration and Nomination Committee and based on company performance targets, and vary according to the roles and responsibilities of the executive. At the same time, these KPIs are aligned to reflect the common corporate goals such as growth in earnings and shareholders' wealth, and achievement of working capital targets. Performance against the KPIs is assessed annually by the Remuneration and Nomination Committee and recommendations for payments determined following the end of the financial year.

Other Executives

Approximately 5% of the aggregate remuneration of the senior sales executives comprises an incentive element which is related to the KPIs of those parts of the company's operations which are relevant to the executive's responsibilities. The senior sales executives may also receive a sales commission component, which will vary with the sales performance of those parts of the sales business for which they are responsible.

KPIs are set annually by the Remuneration and Nomination Committee, with a degree of consultation with executives to ensure their commitment. The measures are tailored to the areas of each executive's involvement and over which they have control. They are based on company performance targets, and at the same time, these KPIs are aligned to reflect the common corporate goals such as growth in earnings and shareholders' wealth, and achievement of working capital targets. Performance against the KPIs is assessed annually by the Remuneration and Nomination Committee and recommendations for payments determined following the end of the financial year.

REMUNERATION REPORT (continued)

The table below sets out the economic entity's key shareholder indicators for the past 5 financial years:

	2010	2009	2008	2007	2006
Dividends paid (cents per share)	5.5	3.5	7.0	5.0	3.0
Closing share price at 30 June (\$)	\$0.38	\$0.45	\$0.65	\$0.69	\$0.47
Share buy back (\$'000)	-	44	-	75	5
Net profit after tax (\$'000)	1,606	1,806	3,179	2,575	1,486

Details of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of the economic entity are set out in the following tables.

The key management personnel of the economic entity includes the following:

Name	Position	Name	Position
P Wallace	Non-Executive Chairman	R Glasson	CFO, Company Secretary
P Amos	Managing Director	B Lee	General Manager, Lifestyle Entertainment
T Amos	Non-Executive Director	R Caston	General Manager, Broadcast & Professional
E Goodwin	Non-Executive Director	R McCleery	Director, Amber New Zealand
D Swift	Non-Executive Director	G Simeon	General Manager, Video & Audio Post Group

Key management personnel are those directly accountable to the Managing Director and the Board and responsible for the operational management and strategic direction of the Company.

The nature and amount of each major element of the remuneration of each director of the economic entity and each of the key management personnel of the parent and the economic entity for the financial year are set out in the following tables.

REMUNERATION REPORT (continued)

Elements of Remuneration

<u>2010</u>	Short-term employment benefits		Post employment benefits	Share based payments	Total	% Performance Related	
	Cash salary	Cash Bonus	Superannuation	Options		% Related	% Relating to Options
Directors	\$	\$	\$	\$	\$		
P Amos	340,441	30,510	31,743	17,864	420,558	7.3%	4.2%
P Wallace	52,523	-	4,727	4,296	61,546	0.0%	7.0%
T Amos	31,056	-	2,795	-	33,851	0.0%	0.0%
E Goodwin	31,056	-	2,795	-	33,851	0.0%	0.0%
D Swift	31,056	-	2,795	-	33,851	0.0%	0.0%
	486,132	30,510	44,855	22,160	583,657	5.2%	3.8%

Executives

R Glasson	169,725	8,541	16,044	2,758	197,068	4.3%	1.4%
B Lee	167,996	37,770	15,738	2,758	224,262	16.8%	1.2%
R Caston	156,457	30,607	16,296	2,758	206,118	14.8%	1.3%
G Simeon	151,376	9,147	14,897	-	175,420	5.2%	0.0%
R McCleery	112,258	-	-	2,758	115,016	0.0%	2.4%
	757,812	86,065	62,975	11,032	917,884	9.4%	1.2%

<u>2009</u>	Short-term employment benefits		Post employment benefits	Share based payments	Total	% Performance Related	
	Cash salary	Cash Bonus	Superannuation	Options		% Related	% Relating to Options
Directors	\$	\$	\$	\$	\$		
P Amos	328,438	61,800	97,020	23,368	510,626	12.1%	4.6%
P Wallace	50,000	-	4,500	9,799	64,299	0.0%	15.2%
T Amos	30,000	-	2,700	-	32,700	0.0%	0.0%
E Goodwin	7,500	-	25,200	-	32,700	0.0%	0.0%
D Swift	-	-	32,700	-	32,700	0.0%	0.0%
	415,938	61,800	162,120	33,167	673,025	9.2%	4.9%

Executives

R Glasson	169,724	16,720	15,275	3,672	205,391	8.1%	1.8%
B Lee	165,183	87,418	16,262	3,672	272,535	32.1%	1.3%
R Caston	152,437	72,986	17,408	3,672	246,503	29.6%	1.5%
G Simeon	150,455	13,000	13,991	-	177,446	7.3%	0.0%
D Small	126,657	21,928	12,076	-	160,661	13.6%	0.0%
R McCleery	115,121	16,272	-	3,672	135,065	12.0%	2.7%
	879,577	228,324	75,012	14,688	1,197,601	19.1%	1.2%

REMUNERATION REPORT (continued)

Service agreements

An executive agreement exists between Peter Amos, the Managing Director, and Amber Technology Limited. This agreement provides that Mr Amos, for a period of 12 months from the date of termination, will not engage in activities in competition with the Amber Group. There is a notice period by either party of 12 months.

The agreement commenced on 31 May 1999 and continues indefinitely. In the event that the company was to exercise its right to terminate the contract, the current payout value would be \$402,694.

Share based compensation

Ambertech has adopted an Employee Share Option Plan (ESOP). The Board of Directors may determine the executives and eligible employees who are entitled to participate in the ESOP.

The options issued under the ESOP will expire 5 years after the issue date, or earlier on any of the following events:

- a the eligible employee is dismissed with cause or has breached a restriction contained in his/her employment contract;
- b the eligible employee dies while in the employ of the Company;
- c the eligible employee is made redundant by the Company;
- d the eligible employee's employment with the Company is voluntarily terminated by the eligible employee; or
- e the eligible employee's employment terminates by reason of normal retirement.

The total number of shares reserved for issuance under the ESOP, together with shares reserved for issuance under any other Option Plan, shall not exceed 5% of the diluted ordinary share capital in the Company (comprising all Shares, all Options issued under the ESOP and under any other Option Plan, and all other convertible issued securities).

The ESOP provides the Board with the ability to determine the exercise price of the options, the periods within which the options may be exercised, and the conditions to be satisfied before the option can be exercised.

The ESOP provides for adjustments in accordance with ASX Listing Rules if there is a capital reconstruction, a rights issue or a bonus issue.

The number of options on issue to directors and key executives at the date of this report is outlined in the following tables. There were no options issued during or since the end of the financial year.

Options Granted

	Grant Details			For the financial year ended 30 June 2010					Overall		
	Grant Date	Grant No	Value \$	Exercised No	Exercised \$	Lapsed No	Lapsed \$	Vested No	Vested %	Unvested %	Lapsed %
Directors											
P Wallace	7/12/2004	100,000	49,203	-	-	100,000	48,996	-	100	-	100
P Amos	7/12/2004	400,000	116,913	-	-	100,000	44,332	-	100	-	25
				-	-	200,000	93,328	-			
Executives											
R Glasson	7/12/2004	50,000	18,369	-	-	25,000	11,360	-	100	-	50
B Lee	7/12/2004	50,000	18,369	-	-	25,000	11,360	-	100	-	50
R Caston	7/12/2004	50,000	18,369	-	-	25,000	11,360	-	100	-	50
R McCleery	7/12/2004	50,000	18,369	-	-	25,000	11,360	-	100	-	50
				-	-	100,000	45,440	-			

When exercisable, each option is convertible into one ordinary share on a 1:1 basis.

REMUNERATION REPORT (continued)

There have been no shares issued during or since the end of the financial year as a result of exercise of options. During the financial year 300,000 options lapsed.

In relation to bonus issues, each outstanding option confers on the option holder the right to receive, on exercise of those outstanding options, not only one share for each of the outstanding options exercised but also the additional shares the option holder would have received had the option holder participated in that bonus issue as a holder of ordinary shares.

The assessed fair value at offer date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at offer date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Interests of Directors

At the date of this report the following interests were held by directors:

Director	Ordinary Shares	Options over
		Ordinary Shares
P Wallace	171,897	-
P Amos	4,313,843	300,000
T Amos	5,484,625	-
E Goodwin	2,883,556	-
D Swift	2,995,826	-

DIVIDENDS

Dividends paid or declared by the Company to members since the end of the previous financial year were:

Dividend Type	Record Date	Payment Date	Cents per share	Franking %	Tax rate
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Relating to the previous year, paid during the year ended 30 June 2010:

Final dividend	15/09/2009	30/09/2009	2.0	100%	30%
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Declared and paid during the year ended 30 June 2010:

Interim dividend	16/03/2010	31/03/2010	3.5	100%	30%
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DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings		Audit and Risk Management Committee Meetings		Nomination and Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
P Wallace	14	14	4	4	2	2
P Amos	14	14	-	-	-	-
T Amos	14	14	-	-	-	-
E Goodwin	13	14	4	4	-	-
D Swift	14	14	-	-	2	2

NON-AUDIT SERVICES

It is the economic entity's policy to employ PKF East Coast Practice (PKF) for assignments additional to their annual audit duties, when PKF's expertise and experience with the economic entity are important. During the year these assignments comprised primarily tax compliance assignments. The Board of Directors is satisfied that the auditors' independence is not compromised as a result of providing these services because:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- None of the services undermines the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditors' own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing economic risks and rewards.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

	Economic Entity	
	2010	2009
	\$	\$
Audit services		
PKF		
Audit and review of financial reports, and other work under the Corporations Act 2001.	130,290	118,880
Related practices of PKF		
Audit or review of financial reports of subsidiary	<u>10,000</u>	<u>10,000</u>
Total remuneration for audit services	<u>140,290</u>	<u>128,880</u>
Non-audit services		
PKF		
Tax compliance services, including review of company income tax returns	<u>27,870</u>	<u>39,070</u>
Total remuneration for non-audit services	<u>27,870</u>	<u>39,070</u>

The Directors are satisfied that the provision of non-audit services during the year by the auditor's is compatible with the general standard of independence for auditor's imposed by the Corporations Act.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

AMBERTECH LIMITED AND CONTROLLED ENTITIES

ACN 079 080 158

DIRECTORS' REPORT

INDEMNIFICATION OF OFFICERS

The company has obtained insurance in respect of all directors and senior executives against all liabilities to other persons that may arise from their positions as directors and executives, except where the liability arises out of conduct involving a lack of good faith. A premium of \$22,570 (2009 \$22,570) has been paid for this insurance.

ROUNDING

The company is an entity to which Class Order 98/100 applies and, in accordance with this class order, amounts in this report and the financial statements have been rounded off to the nearest thousand dollars unless otherwise indicated.

Signed in accordance with a resolution of directors.



Director:

P F Wallace



P A Amos

Dated this 31st day of August 2010.

Sydney



Chartered Accountants
& Business Advisers

**Auditor's Independence Declaration
Under Section 307C of the *Corporations Act 2001***

To the Directors of Ambertech Limited:

As lead auditor for the audit of Ambertech Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ambertech Limited and the entities it controlled during the year.

PKF

Arthur Milner
Partner

Sydney
31 August 2010

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Liability limited by a scheme approved under Professional Standards Legislation.

Independent Auditor's Report

To the members of Ambertech Limited

Report on the Financial Report

We have audited the accompanying financial report of Ambertech Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of Ambertech Limited (the consolidated entity). The consolidated entity comprises Ambertech Limited and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of Ambertech Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 4 to 8 of the directors' report for the year ended 30 June 2010. The directors of Ambertech Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Ambertech Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.



PKF



Arthur Milner
Partner

Sydney
31 August 2010

AMBERTECH LIMITED AND CONTROLLED ENTITIES

ACN 079 080 158

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	Economic Entity	
		2010 \$'000	2009 \$'000
Revenue	3	66,204	71,620
Cost of sales	4	<u>(45,024)</u>	<u>(48,815)</u>
Gross profit		21,180	22,805
Other income	3	803	-
Employee benefits expense	4	(11,438)	(11,366)
Distribution costs		(1,656)	(1,387)
Marketing costs		(2,139)	(2,445)
Premises costs		(1,868)	(1,614)
Depreciation and amortisation expenses	4	(279)	(370)
Finance costs		(390)	(392)
Travel costs		(678)	(637)
Other expenses		<u>(1,252)</u>	<u>(2,045)</u>
Profit before income tax expense	4	2,283	2,549
Income tax expense	5	<u>(677)</u>	<u>(743)</u>
Profit for the year		<u>1,606</u>	<u>1,806</u>
Other comprehensive income			
Exchange differences on translation of foreign operations		<u>7</u>	<u>4</u>
Total comprehensive income for the year		<u>1,613</u>	<u>1,810</u>
Earnings per share			
Basic earnings per share	25	<u>5.2</u>	<u>5.9</u>
Diluted earnings per share	25	<u>5.2</u>	<u>5.9</u>

AMBERTECH LIMITED AND CONTROLLED ENTITIES
ACN 079 080 158
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	Economic Entity	
		2010 \$'000	2009 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	23	3,090	2,793
Trade and other receivables	6	7,815	11,338
Current tax assets	7	366	9
Inventories	8	16,089	14,273
TOTAL CURRENT ASSETS		27,360	28,413
NON-CURRENT ASSETS			
Plant and equipment	10	531	583
Intangible assets	11	2,970	2,970
Deferred tax assets	5	778	687
TOTAL NON-CURRENT ASSETS		4,279	4,240
TOTAL ASSETS		31,639	32,653
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	4,958	6,523
Other financial liabilities	13	4,700	4,200
Provisions	14	967	918
TOTAL CURRENT LIABILITIES		10,625	11,641
NON-CURRENT LIABILITIES			
Provisions	14	811	700
Deferred tax liabilities	5	146	-
TOTAL NON-CURRENT LIABILITIES		957	700
TOTAL LIABILITIES		11,582	12,341
NET ASSETS		20,057	20,312
EQUITY			
Share capital	15	11,146	11,146
Reserves	16	(6)	172
Retained earnings		8,917	8,994
TOTAL EQUITY		20,057	20,312

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

AMBERTECH LIMITED AND CONTROLLED ENTITIES
ACN 079 080 158
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	Share Capital \$'000	Option Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Economic Entity					
Balance as at 30 June 2008	11,190	205	(103)	8,262	19,554
Total comprehensive income for the year	-	-	4	1,806	1,810
Transactions with equity holders:					
Shares bought back during the year	(44)	-	-	-	(44)
Costs of share based payments	-	66	-	-	66
Dividends	-	-	-	(1,074)	(1,074)
	<u>(44)</u>	<u>66</u>	<u>-</u>	<u>(1,074)</u>	<u>(1,052)</u>
Balance as at 30 June 2009	11,146	271	(99)	8,994	20,312
Total comprehensive income for the year	-	-	7	1,606	1,613
Transactions with equity holders:					
Costs of share based payments	-	(185)	-	-	(185)
Dividends	-	-	-	(1,683)	(1,683)
	<u>-</u>	<u>(185)</u>	<u>-</u>	<u>(1,683)</u>	<u>(1,868)</u>
Balance as at 30 June 2010	11,146	86	(92)	8,917	20,057

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

AMBERTECH LIMITED AND CONTROLLED ENTITIES

ACN 079 080 158

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	Note	Economic Entity	
		2010 \$'000	2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		75,423	78,863
Payments to suppliers and employees		(67,864)	(72,580)
Interest received		16	94
Interest and other costs of finance paid		(390)	(392)
Income taxes paid		(1,236)	(1,406)
Income taxes refunded		257	287
Goods and services tax remitted		<u>(4,496)</u>	<u>(5,119)</u>
Net cash provided by/(used in) operating activities	23	<u>1,710</u>	<u>(253)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		<u>(230)</u>	<u>(185)</u>
Net cash (used in) investing activities		<u>(230)</u>	<u>(185)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders		(1,683)	(1,074)
Proceeds from borrowings		500	11
Payments for shares bought back		-	(44)
Repayment of borrowings		<u>-</u>	<u>(301)</u>
Net cash (used in) financing activities		<u>(1,183)</u>	<u>(1,408)</u>
Net increase/(decrease) in cash and cash equivalents held		297	(1,846)
Cash and cash equivalents at beginning of year		2,793	4,634
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies at the beginning of the financial year		<u>-</u>	<u>5</u>
Cash and cash equivalents at end of year	23	<u>3,090</u>	<u>2,793</u>

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

NOTE 1: INTRODUCTION

The financial statements cover the consolidated entity consisting of Ambertech Limited and its subsidiaries. Ambertech Limited is a company limited by shares, incorporated and domiciled in Australia.

Operations and principal activities

Ambertech is a distributor of high technology equipment to the professional broadcast, film, recording and sound reinforcement industries and of consumer audio and video products in Australia and New Zealand.

Currency

The financial statements are presented in Australian dollars and rounded to the nearest one thousand dollars.

Registered office

Unit B, 5 Skyline Place, Frenchs Forest NSW 2086.

Authorisation of financial statements

The financial statements were authorised for issue on 31 August 2010 by the Directors. The company has the power to amend the financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Overall Policy

The principal accounting policies adopted in the preparation of these consolidated financial statements are stated in order to assist in a general understanding of the financial statements. The financial statement is a general purpose financial statement prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

Statement of Compliance

The financial statements comply with Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of the economic entity comply with International Financial Reporting Standards (IFRS).

Accounting Standards not Previously Applied

The economic entity has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current period. Disclosures required by these Standards that are deemed material have been included in these financial statements on the basis that they represent a significant change in information from that previously made available.

(i) Presentation of Financial Statements

AASB 101 Presentation of Financial Statements prescribes the contents and structure of the financial statements.

Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of a single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the Standard.

(ii) Segment Reporting

AASB 8 Operating Segments requires a 'Management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in no change to the reporting segments as operating segments continue to be reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Overall Policy (continued)

New Accounting Standards issued but not yet effective

The following standards, amendments to standards and interpretations have been identified as those which may impact the economic entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing these financial statements.

- (i) AASB 2009-8 Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)

AASB 2009-8 clarifies the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence these two Interpretations are superseded by the amendments. The economic entity will apply these amendments retrospectively for the financial reporting period commencing on 1 July 2010. The economic entity is yet to assess any potential impact on the financial statements.

- (ii) AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

The amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its own non-derivative equity instruments. The economic entity will apply the amended standard from 1 July 2010. The economic entity is yet to assess any potential impact on the financial statements.

- (iii) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The IASB plans to complete its work on financial liabilities during 2010 and will issue requirements for financial liabilities that will be included in AASB 9 in due course.

The main changes from AASB 139 are described below.

- (a) Financial assets are classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. Application guidance has been included in AASB 9 on how to apply the conditions necessary for amortised cost measurement.
- (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- (d) Hybrid contracts with financial asset hosts are classified and measured in their entirety in accordance with the classification criteria. Embedded derivative assets that are separated from financial liability or non-financial hosts in accordance with AASB 139 are to be accounted for in accordance with AASB 9.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Overall Policy (continued)

- (e) Investments in unquoted equity instruments (and contracts on those investments that must be settled by delivery of the unquoted equity instrument) must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value.
- (f) Investments in contractually linked instruments that create concentrations of credit risk (tranches) are classified and measured using a 'look through' approach. Such an approach looks to the underlying assets generating cash flows and assesses the cash flows against the classification criteria (discussed in (a) above) to determine whether the investment is measured at fair value or amortised cost.

(g) Financial assets are reclassified when there is a relevant change in the entity's business model.

The economic entity intends to apply the new standard from 1 July 2013. The economic entity is yet to assess any potential impact on the financial statements.

- (iv) AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (effective from 1 January 2011)

The amendment to AASB 8 requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.

This Standard also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.

The economic entity intends to apply the new standard from 1 July 2011. The economic entity is yet to assess any potential impact on the financial statements.

- (v) AASB 124 Related Party Disclosure (effective from 1 January 2011)

Simplifies the definition of a related party, clarifying its intended meaning & eliminating inconsistencies from the definition of a related party.

The economic entity intends to apply the new standard from 1 July 2011. The economic entity is yet to assess any potential impact on the financial statements.

(b) Significant Judgements and Key Assumptions

Judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements concern impairment of goodwill. The economic entity tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(k). These calculations require the use of assumptions, and these are described further in note 11.

(c) Consolidation Policy

A controlled entity is any entity controlled by Ambertech Limited. Control exists where Ambertech Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Ambertech Limited to achieve the objectives of Ambertech Limited. Details of the controlled entities are contained at note 9.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue Recognition

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of goods and services to entities outside the economic entity.

Sale of goods

Revenue from the sale of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyer. In most cases this coincides with the transfer of legal title, or the passing of possession to the buyer.

Rendering of services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue

Interest revenue is recognised as it accrues using the effective interest method.

Dividend revenue

Dividends are recognised as income as they are received, net of any franking credits.

(e) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits at call with banks or financial institutions, investments in money market instruments maturing within less than three months, and bank overdrafts.

(f) Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The general terms of trade for the economic entity are 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the economic entity will not be able to collect all amounts due according to the original terms of the receivables.

(g) Inventory

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

(h) Plant and Equipment

Plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Plant and equipment is depreciated over estimated useful life taking into account estimated residual values. The straight line method is used.

Plant and equipment is depreciated from the date of acquisition or, in respect of leasehold improvements, from the time the asset is completed and ready for use. The depreciation rates used for each class of plant and equipment remain unchanged from the previous year and are as follows:

<u>Class of Asset</u>	<u>Useful life</u>
Plant and equipment	3-8 years
Furniture and fittings	3-8 years
Leasehold improvements	Term of the lease
Leased plant and equipment	Term of the lease

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the plant and equipment or cash generating units to which the plant and equipment belong are written down to their recoverable amount.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investments in Subsidiaries

In the separate financial statements of the parent, investments in subsidiaries that are not classified as held for sale or included in a disposal group classified as held for sale, are accounted for at cost.

(j) Intangible Assets

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment. Goodwill is allocated to cash generating units and is not subject to amortisation, but tested annually for impairment (refer to note 2(k)).

Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised.

(k) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

If there is evidence of impairment for any of the company's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the economic entity's weighted average cost of capital. The loss is recognised in the statement of comprehensive income.

(l) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the economic entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(n) Service Warranties

Provision is made for the estimated liability on all products still under warranty at balance date.

(o) Leases

(i) Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Share Based Payments

Options issued over ordinary shares are valued using a pricing model which takes into account the option exercise price, the current level and volatility of the underlying share price, the risk free interest rate, the expected dividends on the underlying share, the current market price of the underlying share and the expected life of the option.

Information relating to these schemes is set out in note 21.

The value of the options is recognised in an option reserve until the options are exercised, forfeited or expire.

(q) Employee Benefits

Short term employee benefits are employee benefits (other than termination benefits and equity compensation benefits) which fall due wholly within 12 months after the end of the period in which employee services are rendered. They comprise wages, salaries, commissions, social security obligations, short-term compensation absences and bonuses payable within 12 months and non-mandatory benefits such as car allowances.

The undiscounted amount of short-term employee benefits expected to be paid is recognised as an expense.

Other long-term employee benefits include long-service leave payable 12 months or more after the end of the financial year.

(r) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Ambertech Limited and its Australian wholly owned controlled entities have implemented the tax consolidation legislation.

The head entity, Ambertech Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a 'stand-alone taxpayer' in its own right.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits are immediately transferred to the head entity. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement will be recognised as either a contribution by, or distribution to the head entity.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Foreign Currency Translation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating to the exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

(t) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the year but not distributed at balance date.

(w) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are expensed.

(x) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

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	Economic Entity	
	2010 \$'000	2009 \$'000
NOTE 3: REVENUE		
Revenue		
- Sale of goods and services	66,188	71,526
- Interest received	16	94
	<u>66,204</u>	<u>71,620</u>
Other income		
- Net foreign exchange gains	803	-
	<u>803</u>	<u>-</u>
NOTE 4: ITEMS INCLUDED IN PROFIT		
Additional information on the nature of expenses		
Inventories		
Cost of sales	<u>45,024</u>	<u>48,815</u>
Movement in provision for inventory obsolescence	<u>147</u>	<u>(73)</u>
Employee benefits expense		
Salaries and wages	11,235	11,288
Employee termination expense	<u>203</u>	<u>78</u>
	<u>11,438</u>	<u>11,366</u>
Depreciation		
Plant and equipment	141	141
Furniture and fittings	29	34
Leasehold improvements	<u>109</u>	<u>193</u>
	<u>279</u>	<u>368</u>
Amortisation		
Leased plant and equipment	<u>-</u>	<u>2</u>
Bad and doubtful debts	<u>25</u>	<u>303</u>
Rental expense on operating leases:		
Minimum lease payments	<u>1,166</u>	<u>1,070</u>
Net foreign exchange losses	<u>-</u>	<u>550</u>
Net loss on disposal of plant and equipment	<u>3</u>	<u>2</u>

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	Economic Entity	
	2010 \$'000	2009 \$'000
NOTE 5: INCOME TAX		
Major components of income tax expense		
Current income tax	611	833
Under/(over) provision in prior years	10	136
Deferred tax	<u>56</u>	<u>(226)</u>
Income tax expense	<u>677</u>	<u>743</u>
Reconciliation between income tax expense and prima facie tax on accounting profit		
Profit before income tax expense	<u>2,283</u>	<u>2,549</u>
Tax at 30% (2009:30%)	685	765
Tax effect of non deductible expenses		
- Entertainment	17	18
- Other items	(35)	(176)
Under/(over) provision for income tax in prior years	<u>10</u>	<u>136</u>
Income tax expense	<u>677</u>	<u>743</u>
Applicable tax rate		
The applicable tax rate is the national tax rate in Australia.		
Analysis of deferred tax assets		
Employee benefits	446	424
Plant and equipment	155	125
Accrued expenses	55	43
Allowance for doubtful accounts	36	26
Provision for obsolescence	68	23
Unrealised foreign currency exchange loss	-	37
Inventory	<u>18</u>	<u>9</u>
	<u>778</u>	<u>687</u>
Analysis of deferred tax liabilities		
Unrealised foreign currency exchange gain	144	-
Other	<u>2</u>	<u>-</u>
	<u>146</u>	<u>-</u>
Tax consolidated group		
Ambertech Limited is head entity in a tax consolidated group. The tax consolidated legislation has been applied in respect of the year ended 30 June 2010.		
Ambertech Limited has entered into a tax sharing agreement with Amber Technology Limited and Alphan Pty Limited. The tax sharing agreement allows for an allocation of income tax expense to members of the group on the basis of taxable income.		

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Economic Entity	
2010	2009
\$'000	\$'000

NOTE 6: TRADE AND OTHER RECEIVABLES

Current

Trade accounts receivable (a)	7,498	11,041
Provision for impairment of receivables (b)	<u>(121)</u>	<u>(86)</u>
	7,377	10,955
Other receivables (a)	200	83
Prepayments	<u>238</u>	<u>300</u>
	<u>7,815</u>	<u>11,338</u>

(a) Current trade and other receivables are non-interest bearing loans, generally on 30 day terms. A provision for impairment is recognised when there is objective evidence that a trade or other receivable is impaired. These amounts have been included in the other expenses item.

(b) Movement in the provision for impairment of receivables is as follows:

Current trade receivables		
Opening balance	86	45
Charge for the year	60	344
Amounts written off	<u>(25)</u>	<u>(303)</u>
Closing balance	<u>121</u>	<u>86</u>

(c) The economic entity's exposure to credit risk and impairment losses related to trade and other receivables is disclosed at note 24.

NOTE 7: CURRENT TAX ASSETS

The current tax asset in the economic entity of \$366,000 (2009: \$9,000) represents the amount of income tax recoverable in respect of current and prior years that arise from the payment of tax in excess of amounts due to the relevant tax authority.

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	Economic Entity	
	2010 \$'000	2009 \$'000
NOTE 8: INVENTORIES		
Current		
Finished goods	15,284	13,867
Stock in transit	1,030	484
	<u>16,314</u>	<u>14,351</u>
Provision for obsolescence	(225)	(78)
	<u>16,089</u>	<u>14,273</u>

NOTE 9: CONTROLLED ENTITIES

Entity	Country of Incorporation	Percentage Owned	
		2010	2009
Parent Entity			
- Ambertech Limited	Australia		
Subsidiaries of Ambertech Limited			
- Amber Technology Limited	Australia	100%	100%
Subsidiaries of Amber Technology Limited			
- Alphan Pty Limited	Australia	100%	100%
- Amber Technology (NZ) Limited	New Zealand	100%	100%

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NOTE 10: PLANT AND EQUIPMENT

Non-Current

	Gross Carrying Amount		Accumulated depreciation		Net carrying amount	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Economic Entity						
Plant and equipment	1,760	1,717	(1,392)	(1,411)	368	306
Furniture and fittings	387	409	(294)	(300)	93	109
Leasehold improvements	756	751	(686)	(583)	70	168
Leased plant and equipment	10	10	(10)	(10)	-	-
Total plant and equipment	<u>2,913</u>	<u>2,887</u>	<u>(2,382)</u>	<u>(2,304)</u>	<u>531</u>	<u>583</u>

Reconciliation of carrying amounts:

	Plant and equipment \$'000	Furniture and fittings \$'000	Leasehold improvements \$'000	Leased plant and equipment \$'000	Total \$'000
2010					
Economic Entity					
Balance at the beginning of the year	306	109	168	-	583
Additions	205	13	12	-	230
Disposals	(2)	-	(1)	-	(3)
Depreciation and amortisation expense	<u>(141)</u>	<u>(29)</u>	<u>(109)</u>	<u>-</u>	<u>(279)</u>
Carrying amount at the end of the year	<u>368</u>	<u>93</u>	<u>70</u>	<u>-</u>	<u>531</u>

	Plant and equipment \$'000	Furniture and fittings \$'000	Leasehold improvements \$'000	Leased plant and equipment \$'000	Total \$'000
2009					
Economic Entity					
Balance at the beginning of the year	302	125	341	2	770
Additions	147	18	20	-	185
Disposals	(2)	-	-	-	(2)
Depreciation and amortisation expense	<u>(141)</u>	<u>(34)</u>	<u>(193)</u>	<u>(2)</u>	<u>(370)</u>
Carrying amount at the end of the year	<u>306</u>	<u>109</u>	<u>168</u>	<u>-</u>	<u>583</u>

	Economic Entity	
	2010 \$'000	2009 \$'000
Goodwill at cost	<u>2,970</u>	<u>2,970</u>

NOTE 11: INTANGIBLE ASSETS

Non-Current

(a) Impairment tests for goodwill

Goodwill is allocated to the economic entity's Cash Generating Units (CGUs) defined according to business segment and country of operation.

A segment level summary of the goodwill allocation is presented below:

	Australia \$'000	New Zealand \$'000	Total \$'000
2010			
Lifestyle Entertainment	1,963	-	1,963
Professional	963	-	963
New Zealand	-	44	44
	<u>2,926</u>	<u>44</u>	<u>2,970</u>
2009			
Lifestyle Entertainment	1,963	-	1,963
Professional	963	-	963
New Zealand	-	44	44
	<u>2,926</u>	<u>44</u>	<u>2,970</u>

(b) Key assumptions for value in use calculations

The recoverable amount of each CGU is determined based on value in use calculations. Value in use is calculated based on the present value of cash flow projections over a 5 year period plus a terminal value based on a detailed financial budget approved by management and the board of directors. The cash flows are discounted using the post tax weighted average cost of capital at the beginning of the budget period.

The following assumptions were used in the value in use calculations:

CGU	Average Growth Rate		Discount Rate	
	2010	2009	2010	2009
Lifestyle Entertainment	4.60%	8.40%	12.10%	10.22%
Professional	1.00%	6.00%	12.10%	10.22%
New Zealand	11.00%	7.50%	12.10%	10.22%

The average growth rates applied in the cash flow projections represent management's best estimate of likely economic conditions for the forecast period.

(c) Impact of possible changes in key assumptions

In determining the value in use of a CGU, management applied sensitivity analysis to the discount rate to ensure that the recoverable amount of the CGU's exceeds its carrying amount. Discount rates between 11.12% and 12.99% (2009: 9.29% and 11.16%) were used for this purpose.

Management does not consider a change in any of the key assumptions, that would cause a CGUs carrying amount to exceed the recoverable amount, to be reasonably likely.

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	Economic Entity	
	2010 \$'000	2009 \$'000
NOTE 12: TRADE AND OTHER PAYABLES		
Current		
Trade accounts payable	2,701	4,107
Other accounts payable	<u>2,257</u>	<u>2,416</u>
	<u>4,958</u>	<u>6,523</u>
Amounts payable in foreign currencies:		
Trade accounts payable:		
- US Dollars	1,427	713
- British Pound	391	497
- Euro	38	999
- Swiss Francs	142	212
- New Zealand Dollars	342	106
- Japanese Yen	-	<u>263</u>
	<u>2,340</u>	<u>2,790</u>
NOTE 13: OTHER FINANCIAL LIABILITIES		
Current		
Bills payable (a)	<u>4,700</u>	<u>4,200</u>
	<u>4,700</u>	<u>4,200</u>

Details of the economic entity's exposure to interest rate changes on other financial liabilities are outlined in note 24.

During the current and prior years, there were no defaults or breaches on any of the liabilities.

The fair value of the financial liabilities approximates their carrying value.

(a) Bills payable

Bills payable are a part of the multi-option borrowing facility in place that includes flexible overdraft and commercial bill components. The facility is secured by a charge over the assets of Amber Technology Limited. Guarantees are in place to a limit of \$6,500,000 (2009: \$5,200,000). The value of assets at balance date is \$29,446,000 (2009: \$31,213,000).

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	Economic Entity	
	2010 \$'000	2009 \$'000
NOTE 14: PROVISIONS		
Current		
Service warranty	228	204
Employee benefits	<u>739</u>	<u>714</u>
	<u>967</u>	<u>918</u>
Non Current		
Make good provision	60	-
Employee benefits	<u>751</u>	<u>700</u>
	<u>811</u>	<u>700</u>

(a) Service warranty

Provision is made for the estimated warranty claims in respect of products sold which are still under warranty at balance date. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

(b) Make good provision

The company is required to restore the leased premises at Frenchs Forest to their original condition at the time of leaving the premises. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements.

(c) Movements in provisions

Movements in provisions, other than employee benefits are set out below:

	Service warranty \$'000	Make good provision \$'000	Total \$'000
Opening balance at 1 July 2009	204	-	204
Additional provision recognised	240	60	300
Reductions resulting from payments	<u>(216)</u>	<u>-</u>	<u>(216)</u>
Closing balance at 30 June 2010	<u>228</u>	<u>60</u>	<u>288</u>

NOTE 15: SHARE CAPITAL

	No. Shares	
	2010	2009
Issued: Ordinary Shares fully paid (no par value)	<u>30,598,181</u>	<u>30,598,181</u>
Movements during the year		
Opening balance	30,598,181	30,708,305
Shares bought back during the year	<u>-</u>	<u>(110,124)</u>
Closing balance	<u>30,598,181</u>	<u>30,598,181</u>

Share Buy Back

On 2 September 2005, the company announced an on-market buy back of up to 1,543,150 ordinary shares on issue. The buy back is a part of the company's capital management and is designed to improve shareholder returns. During the year ended 30 June 2010 the company bought back nil (2009: 110,124) shares.

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	Economic Entity	
	2010 \$'000	2009 \$'000
NOTE 16: RESERVES		
Foreign currency translation reserve (a)	(92)	(99)
Share based payments reserve (b)	<u>86</u>	<u>271</u>
	<u>(6)</u>	<u>172</u>

For an explanation of movements in reserve accounts refer to Statement of Changes in Equity.

Nature and purpose of reserves

(a) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve as described in note 2(s). The reserve is recognised in profit and loss when the net investment is disposed of.

(b) Share based payments reserve

The share based payments reserve is used to recognise the fair value of options issued but not exercised.

	Economic Entity	
	2010 \$'000	2009 \$'000
NOTE 17: CAPITAL & LEASING COMMITMENTS		
(a) Operating lease commitments		
Payable:		
Not later than 1 year	1,407	1,069
Later than 1 year but not later than 5 years	<u>1,274</u>	<u>1,325</u>
Minimum lease payments	<u>2,681</u>	<u>2,394</u>

The Frenchs Forest property lease is a non-cancellable lease ending on 31 March 2012, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased at review dates by 3.5%, 5% and 5% per annum.

On 7 June 2010, the Board announced that it had signed a deed of agreement for a 10 year lease of new premises at the completion of the lease at Frenchs Forest. Amounts relating to this lease have not been included in the operating lease commitments above because at the date of signing the financial report, developers are still awaiting project approval from the relevant authorities, and the Board is unable to accurately determine the commencement date for this lease.

Operating lease commitments include future payments under an equipment financing agreement payable quarterly in advance. The total facility available is for \$1,000,000, and at balance date there was \$537,000 available in unused facility.

	Economic Entity	
	2010 \$'000	2009 \$'000
(b) Capital expenditure commitments		
Capital expenditure commitments contracted for:		
Website developments		
Payable:		
Not later than 1 year	<u>25</u>	<u>-</u>

AMBERTECH LIMITED AND CONTROLLED ENTITIES
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Economic Entity	
2010	2009
\$'000	\$'000

NOTE 18: CONTINGENT LIABILITIES

Estimates of the maximum amounts of contingent liabilities that may become payable:

- Bank guarantees by Amber Technology

Limited in respect of various property leases

336	281
336	281

No material losses are anticipated in respect of any of the above contingent liabilities.

NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year, no matters have arisen which significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in future financial years.

NOTE 20: RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management personnel comprises directors and other persons having authority and responsibility for planning, directing and controlling the activities of the economic entity.

Economic Entity	
2010	2009
\$	\$

Summary

- Short term employee benefits
- Post employment benefits
- Share based payments

1,360,519	1,638,139
107,830	184,632
33,192	47,855
1,501,541	1,870,626

The company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and information required to be disclosed by AASB 124 paragraphs Aus25.4 to Aus 25.7.2 in respect of the remuneration of key management personnel is presented in the Directors' Report.

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NOTE 21: SHARE BASED PAYMENT ARRANGEMENTS

The Board may determine the executives and eligible employees who are entitled to participate. The options expire 5 years after issue or earlier in the event of dismissal, death, termination, redundancy or retirement of the employee. During the financial year, 325,000 options lapsed (2009: Nil) and no options were forfeited (2009:200,000). There were no options exercised during the financial year.

The fair value of the options as at the date issued was determined with reference to the market price.

In relation to bonus issues, each outstanding option confers on the option holder the right to receive, on exercise of those outstanding options, not only one share for each of the outstanding options exercised but also the additional shares the option holder would have received had the option holder participated in the bonus issue as a holder of ordinary shares.

	Number of Options over Ordinary Shares	
	2010	2009
Employee Share Option Plan		
Held by employees at the beginning of the year	<u>750,000</u>	<u>950,000</u>
Held by employees at the end of the year	<u>425,000</u>	<u>750,000</u>
Exercisable at the end of the year	<u>425,000</u>	<u>750,000</u>

Set out below are summaries of options granted under the plan:

Date Granted	Exercise Period Start	Exercise Period Finish	Exercise Price	Balance at start of year	Lapsed/ Forfeited during year	Balance at end of year	Exercisable at end of year
2010							
7/12/2004	7/12/2004	7/12/2009	\$1.20	250,000	(250,000)	-	-
7/12/2004	31/12/2004	31/12/2009	\$1.20	25,000	(25,000)	-	-
7/12/2004	31/03/2005	31/03/2010	\$1.20	25,000	(25,000)	-	-
7/12/2004	30/06/2005	30/06/2010	\$1.20	25,000	(25,000)	-	-
7/12/2004	30/09/2005	30/09/2010	\$1.20	125,000	-	125,000	125,000
7/12/2004	31/12/2005	31/12/2010	\$1.20	25,000	-	25,000	25,000
7/12/2004	31/03/2006	31/03/2011	\$1.20	25,000	-	25,000	25,000
7/12/2004	30/06/2006	30/06/2011	\$1.20	25,000	-	25,000	25,000
7/12/2004	30/09/2006	30/09/2011	\$1.35	125,000	-	125,000	125,000
7/12/2004	30/09/2007	30/09/2012	\$1.35	100,000	-	100,000	100,000
				<u>750,000</u>	<u>(325,000)</u>	<u>425,000</u>	<u>425,000</u>
Weighted average exercise price				<u>\$1.25</u>	<u>\$1.20</u>	<u>\$1.28</u>	<u>\$1.28</u>
2009							
7/12/2004	7/12/2004	7/12/2009	\$1.20	270,000	(20,000)	250,000	250,000
7/12/2004	31/12/2004	31/12/2009	\$1.20	35,000	(10,000)	25,000	25,000
7/12/2004	31/03/2005	31/03/2010	\$1.20	135,000	(110,000)	25,000	25,000
7/12/2004	30/06/2005	30/06/2010	\$1.20	35,000	(10,000)	25,000	25,000
7/12/2004	30/09/2005	30/09/2010	\$1.20	135,000	(10,000)	125,000	125,000
7/12/2004	31/12/2005	31/12/2010	\$1.20	35,000	(10,000)	25,000	25,000
7/12/2004	31/03/2006	31/03/2011	\$1.20	35,000	(10,000)	25,000	25,000
7/12/2004	30/06/2006	30/06/2011	\$1.20	35,000	(10,000)	25,000	25,000
7/12/2004	30/09/2006	30/09/2011	\$1.35	135,000	(10,000)	125,000	125,000
7/12/2004	30/09/2007	30/09/2012	\$1.35	100,000	-	100,000	100,000
				<u>950,000</u>	<u>(200,000)</u>	<u>750,000</u>	<u>750,000</u>
Weighted average exercise price				<u>\$1.23</u>	<u>\$1.21</u>	<u>\$1.25</u>	<u>\$1.25</u>

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.11 years (2009: 1.41 years).

NOTE 22: SEGMENT REPORTING

(a) Description of segments

Management has determined the operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The economic entity comprises the following operating segments:

Professional	Distribution of high technology equipment to professional broadcast, film, recording and sound reinforcement industries.
Lifestyle Entertainment	Distribution of home theatre products to dealers, distribution and supply of custom installation components for home theatre and commercial installations to dealers and consumers, and the distribution of projection and display products with business and domestic applications.
New Zealand	Distribution of a wide range of quality products for both professional and consumer markets in New Zealand.

(b) Segment information

2010	Professional \$'000	Lifestyle Entertainment \$'000	New Zealand \$'000	Eliminations \$'000	Economic Entity \$'000
Revenue					
- Total segment revenue	21,446	40,871	3,871	-	66,188
- Inter-segment revenue	164	-	-	(164)	-
Revenue from external customers	<u>21,610</u>	<u>40,871</u>	<u>3,871</u>	<u>(164)</u>	<u>66,188</u>
Result					
- Segment EBIT	<u>302</u>	<u>1,523</u>	<u>155</u>	-	<u>1,980</u>
- Unallocated/corporate result					<u>677</u>
- EBIT					2,657
- Net interest and finance costs					<u>(374)</u>
- Profit before income tax					2,283
- Income tax expense					<u>(677)</u>
- Profit for the year					<u>1,606</u>
Assets					
- Segment Assets	<u>7,087</u>	<u>18,748</u>	<u>1,700</u>	-	27,535
- Unallocated/corporate assets					<u>4,104</u>
- Total assets					<u>31,639</u>
Liabilities					
- Segment Liabilities	<u>2,099</u>	<u>2,835</u>	<u>583</u>	-	5,517
- Unallocated/corporate liabilities					<u>6,065</u>
- Total liabilities					<u>11,582</u>
Other					
- Acquisition of non current segment assets	84	125	21	-	<u>230</u>
					<u>230</u>
- Depreciation and amortisation of segment assets	107	161	11	-	<u>279</u>
					<u>279</u>

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NOTE 22: SEGMENT REPORTING (continued)

2009	Professional \$'000	Lifestyle Entertainment \$'000	New Zealand \$'000	Eliminations \$'000	Economic Entity \$'000
Revenue					
- Total segment revenue	26,994	41,448	3,084	-	71,526
- Inter-segment revenue	230	-	-	(230)	-
Revenue from external customers	<u>27,224</u>	<u>41,448</u>	<u>3,084</u>	<u>(230)</u>	<u>71,526</u>
Result					
- Segment EBIT	<u>1,799</u>	<u>2,276</u>	<u>116</u>	<u>-</u>	<u>4,191</u>
- Unallocated/corporate result					<u>(1,344)</u>
- EBIT					2,847
- Net interest and finance costs					<u>(298)</u>
- Profit before income tax					2,549
- Income tax expense					<u>(743)</u>
- Profit for the year					<u>1,806</u>
Assets					
- Segment Assets	<u>9,537</u>	<u>18,208</u>	<u>1,258</u>	<u>-</u>	29,003
- Unallocated/corporate assets					<u>3,650</u>
- Total assets					<u>32,653</u>
Liabilities					
- Segment Liabilities	<u>2,610</u>	<u>2,273</u>	<u>280</u>	<u>-</u>	5,163
- Unallocated/corporate liabilities					<u>7,178</u>
- Total liabilities					<u>12,341</u>
Other					
- Acquisition of non current segment assets	71	107	7	-	<u>185</u>
					<u>185</u>
- Depreciation and amortisation of segment assets	143	214	13	-	<u>370</u>
					<u>370</u>

NOTE 22: SEGMENT REPORTING (continued)

(c) Segment information on geographical region

Geographical Location	Segment Revenues from Sales to External Customers		Carrying Amount of Segment Assets		Acquisition of Non-Current Assets	
	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
- Australia	62,317	68,442	25,835	27,745	209	172
- New Zealand	<u>3,871</u>	<u>3,084</u>	<u>1,700</u>	<u>1,258</u>	<u>21</u>	<u>13</u>
	<u>66,188</u>	<u>71,526</u>	<u>27,535</u>	<u>29,003</u>	<u>230</u>	<u>185</u>

(d) Other segment information

(i) Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenues and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories and property, plant and equipment. All remaining assets of the economic entity are considered to be unallocated assets. Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings.

Segment assets and liabilities do not include income taxes.

(ii) Intersegment Transfers

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity. These transfers are eliminated on consolidation.

Economic Entity	
2010	2009
\$'000	\$'000

NOTE 23: 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	<u>3,087</u>	<u>2,790</u>
	<u>3,090</u>	<u>2,793</u>

(ii) Reconciliation of net cash provided by/(used in) operating activities to profit or loss after income tax

Profit for the year	1,606	1,806
Depreciation and amortisation	279	370
Net loss on disposal of plant and equipment	3	2
Foreign exchange (gains)/losses	(803)	550
Non-cash share based payments	(185)	66
Changes in operating assets and liabilities		
Decrease in trade and other receivables	3,531	1,014
(Increase) in inventories	(1,806)	(2,749)
Decrease in tax receivable	249	264
(Decrease) in payables	(1,377)	(1,530)
Increase in provisions	158	169
Decrease/(Increase) in deferred taxes	<u>55</u>	<u>(215)</u>
Net cash provided by/(used in) operating activities	<u>1,710</u>	<u>(253)</u>

(iii) Non Cash Financing and Investing Activities

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

NOTE 24: FINANCIAL RISK MANAGEMENT

The economic entity's financial risk management policies are established to identify and analyse the risks faced by the business, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the economic entity's activities.

The economic entity's activities expose it to a wide variety of financial risks, including the following:

- credit risk
- liquidity risk
- market risk (including foreign currency risk and interest rate risk)

This note presents information about the economic entity's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk and how the economic entity manages capital.

Liquidity and market risk management is carried out by a central treasury department (Group Treasury) in accordance with risk management policies. The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board, through the Audit and Risk Management Committee, oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks.

The economic entity uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. Derivatives are used exclusively for hedging purposes. The economic entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Credit Risk

Credit risk is the risk of financial loss to the economic entity if a customer or the counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the economic entity's receivables from customers. The maximum exposure to credit risk is the carrying amount of the financial assets.

Trade and other receivables

Exposure to credit risk is influenced mainly by the individual characteristics of each customer. The customer base consists of a wide variety of customer profiles. New customers are analysed individually for creditworthiness, taking into account credit ratings where available, financial position, past experience and other factors. This includes major contracts and tenders approved by executive management. Customers that do not meet the credit policy guidelines may only purchase using cash or recognised credit cards. The general terms of trade for the economic entity are 30 days.

In monitoring credit risk, customers are grouped by their debtor ageing profile. Monitoring of receivable balances on an ongoing basis minimises the exposure to bad debts.

Impairment allowance

The impairment allowance relates to specific customers, identified as being in trading difficulties, or where specific debts are in dispute. The impairment allowance does not include debts past due relating to customers with a good credit history, or where payments of amounts due under a contract for such customers are delayed due to works in dispute and previous experience indicates that the amount will be paid in due course.

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	Economic Entity	
	2010	2009
	\$'000	\$'000
NOTE 24: FINANCIAL RISK MANAGEMENT (continued)		
The ageing of trade receivables at the reporting date was:		
Not past due	3,187	6,062
Past due up to 30 days	3,179	3,842
Past due 31-60 days	408	614
Past due 61 days and over	603	437
Total trade receivables not impaired	7,377	10,955
Trade receivables impaired	121	86
Total trade receivables	<u>7,498</u>	<u>11,041</u>

The economic entity does not have other receivables which are past due (2009: Nil).

Liquidity Risk

Liquidity risk is the risk that the economic entity will not be able to meet its financial obligations as they fall due. The economic entity's policy for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity (cash reserves and banking facilities) to meet its liabilities when due, under both normal and stressed conditions. The objective of the policy is to maintain a balance between continuity of funding and flexibility through the use of bank facilities.

The economic entity monitors liquidity risk by maintaining adequate cash reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The table below summarises the maturity profile of the economic entity's financial liabilities based on contractual undiscounted payments:

	Contractual Cash Flows				Total \$'000
	Less than 3 months \$'000	3 to 6 months \$'000	6 to 12 months \$'000	More than 12 months \$'000	
Economic Entity					
2010					
Trade and other payables	4,958	-	-	-	4,958
Commercial Bills	4,700	-	-	-	4,700
	<u>9,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,658</u>
Economic Entity					
2009					
Trade and other payables	6,523	-	-	-	6,523
Commercial Bills	4,200	-	-	-	4,200
	<u>10,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,723</u>

The economic entity also has a number of premises under operating lease commitments. The future contracted commitment at year end is disclosed at note 17.

NOTE 24: FINANCIAL RISK MANAGEMENT (continued)

Market Risk

Market risk is the risk that changes in market prices will affect the economic entity's income or the value of its holdings of financial instruments. The activities of the economic entity expose it primarily to the financial risks of changes in foreign currency rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the returns.

Foreign Currency Risk

The economic entity operates internationally and is primarily exposed to currency risk on inventory purchases denominated in a currency other than the functional currency of the economic entity. Where appropriate, the economic entity uses forward exchange contracts to manage its foreign currency exposures.

The board has adopted a policy requiring management of the foreign exchange risk against the functional currency. The economic entity is required to hedge the exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts. The amount of foreign currency denominated payables outstanding at balance date is disclosed at note 12.

The following table demonstrates the impact on the profit and equity of the economic entity, if the Australian Dollar weakened/strengthened by 10%, which management consider to be reasonably possible at balance date against the respective foreign currencies, with all other variables remaining constant:

	Weakening of 10%		Strengthening of 10%	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Impact on profit	<u>456</u>	<u>225</u>	<u>(348)</u>	<u>(160)</u>
Impact on equity	<u>456</u>	<u>225</u>	<u>(348)</u>	<u>(160)</u>

NOTE 24: FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Risk

The economic entity has a borrowing facility which allows the group to utilise a combination of commercial bills and overdraft facilities to minimise its interest costs whilst maintaining the flexibility to accommodate short term working capital requirements that may vary from time to time. By converting overdraft to commercial bill debt, interest rates are effectively converted from variable to fixed rates for the term of the bill. The use of the facility exposes the economic entity to cash flow interest rate risk.

As at the reporting date, the economic entity had the following fixed and variable rate borrowings:

	Note	Weighted average interest rate		Balance	
		2010	2009	2010	2009
		%	%	\$'000	\$'000
Commercial Bills	13	5.10%	3.75%	4,700	4,200

The following table demonstrates the impact on the profit and equity of the economic entity if the average interest rate on the multi option borrowing facility had either increased or decreased by 1%, which management consider to be reasonably possible over the whole year ending 30 June 2010, with all other variables remaining constant:

	Increase of 1% of average interest rate		Decrease of 1% of average interest rate	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Impact on profit	(43)	(38)	43	38
Impact on equity	(43)	(38)	43	38

Net Fair Values

The net fair values of assets and liabilities approximates their carrying values. No financial assets or liabilities are readily traded on organised markets.

Capital Management

The Board's aim is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Total capital is defined as shareholders' equity. The Board monitors the return on capital, which is defined as net operating income divided by total shareholders' equity. The Board also establishes a dividend payout policy which is targeted as being greater than 50% of earnings, subject to a number of factors, including the capital expenditure requirements and the company's financial and taxation position. Dividend payout for the year ended 30 June 2010 is 66.7% (2009: 59.4%).

There were no changes to the economic entity's approach to capital management during the financial year.

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	Economic Entity	
	2010	2009
NOTE 25: EARNINGS PER SHARE		
Basic earnings per share (cents)	5.2	5.9
Weighted average number of ordinary shares (number)	<u>30,598,181</u>	<u>30,678,062</u>
Earnings used to calculate basic earnings per share (\$)	<u>1,606,000</u>	<u>1,806,000</u>
Diluted earnings per share (cents)	5.2	5.9
Weighted average number of ordinary shares (number)	<u>30,598,181</u>	<u>30,678,062</u>
Earnings used to calculate diluted earnings per share (\$)	<u>1,606,000</u>	<u>1,806,000</u>

(a) 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.

NOTE 26: DIVIDEND FRANKING CREDITS

In respect of dividends first recognised as a liability during the period or paid in the period without previously being recognised as a liability

Dividends that have been fully franked:

Amount in aggregate (\$'000)	1,683	1,074
Cents per share	5.5	3.5
Tax rate	30%	30%

Amount of franking credits available for subsequent reporting periods (\$'000)

<u>6,001</u>	<u>6,362</u>
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AMBERTECH LIMITED AND CONTROLLED ENTITIES
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	Economic Entity	
	2010	2009
	\$	\$

NOTE 27: AUDITORS' REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent and its related practices:

Audit services

PKF

Audit and review of financial reports, and other work under the Corporations Act 2001.

130,290	118,880
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Related practices of PKF

Audit or review of financial reports of subsidiary

<u>10,000</u>	<u>10,000</u>
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Total remuneration for audit services

<u>140,290</u>	<u>128,880</u>
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Non-audit services

PKF

Tax compliance services, including review of company income tax returns

<u>27,870</u>	<u>39,070</u>
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Total remuneration for non-audit services

<u>27,870</u>	<u>39,070</u>
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It is the economic entity's policy to employ PKF on assignments additional to their statutory audit duties where PKF's expertise and experience with the economic entity are important. These assignments are principally tax advice or where PKF is awarded assignments on a competitive basis.

AMBERTECH LIMITED AND CONTROLLED ENTITIES
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Parent Entity	
2010	2009
\$'000	\$'000

NOTE 28: PARENT ENTITY INFORMATION

Information relating to Ambertech Limited (parent entity):

- Current Assets	11,161	12,849
- Total Assets	15,718	17,406
- Current Liabilities	1,462	1,455
- Total Liabilities	1,462	1,455
- Share capital	11,146	11,146
- Share based payments reserve	86	271
- Retained earnings	<u>3,024</u>	<u>4,534</u>
Profit of the parent entity	173	1,229
Total comprehensive income of the parent entity	<u>173</u>	<u>1,229</u>

AMBERTECH LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' DECLARATION

In the directors' opinion:

- a. the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the economic entity's and parent entity's financial position as at 30 June 2010 and of their performance for the financial year ended on that date; and
- b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- c. the remuneration disclosures set out in the Directors' Report comply with Accounting Standard AASB 124 Related Party Disclosures and the Corporations Regulations 2001 for the financial year ended 30 June 2010.

The directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2010.

The financial statements also comply with International Financial Reporting Standards as disclosed in note 2(a).

This declaration is made in accordance with a resolution of the directors.

Director:



P F Wallace

Director:



P A Amos

Dated this 31st day of August 2010.

Sydney

Shareholder Information



Shareholder Information

a. Distribution of equity security by size of holding:

			Number of shareholders	Number of Ordinary Shares	% of total capital
1	-	1,000	82	73,573	0.24
1,001	-	5,000	128	456,148	1.49
5,001	-	10,000	71	618,400	2.02
10,001	-	100,000	106	3,075,707	10.05
100,001	and	over	22	26,374,353	86.20
Total			409	30,598,181	100.00

The number of security investors holding less than a marketable parcel of 1,429 securities is 88 and they hold 80,686 securities.

b. Equity Security Holders:

The twenty largest shareholders as at 17 September 2010 were:

Rank	Twenty largest holders	Number of shares	% of total capital
1	Wavelink Systems Pty Ltd	5,434,625	17.76
2	Crowton Pty Ltd (Amos Super Fund)	3,231,681	10.56
3	Howbay Pty Ltd	2,883,556	9.42
4	Kestrel Capital Pty Limited (Kestrel Secondaries Fund 1)	2,644,802	8.64
5	Nanyang Australia Limited	2,000,464	6.54
6	Wygrin Pty Ltd	1,699,556	5.55
7	Appwam Pty Limited	1,500,000	4.90
8	Kestrel Capital Pty Ltd (ATF Kestrel Sec Fund 1)	1,475,865	4.82
9	Wygrin Pty Ltd (Wygrin Pension Fund)	1,296,270	4.24
10	Crowton Pty Limited	1,082,162	3.54
11	JH Nominees Australia Pty Ltd (Harry Family Super Fund A/C)	800,000	2.61
12	Mr Joseph Grech	413,045	1.35
13	Mr Ralph McCleery	357,599	1.17
14	Mr Joseph Paul Grech & Ms Deborah Lee Grech	333,261	1.09
15	Dorran Pty Ltd	220,000	0.72
16	Realcal Pty Ltd	200,000	0.65
17	York House Pty Ltd	165,000	0.54
18	Mr Edward James Stephen Dally & Mrs Selina Dally	145,000	0.47
19	Ms Carol Anne Austin	128,867	0.42
20	Wallace Capital Pty Ltd	127,600	0.42
		26,139,353	85.43

Source: Link Market Services

c. Substantial Shareholders:

Substantial shareholders with a relevant interest of 5% or more of total issued shares, based on notifications provided to the company under the Corporations Act 2001 include:

Shareholder	Number of shares	% of total capital
Kestrel Capital Pty Limited	6,268,868	20.49
Wavelink Systems Pty Ltd	5,484,625	17.92
Crowton Pty Limited	4,313,843	14.10
Wygrin Pty Ltd	2,995,826	9.79
Howbay Pty Ltd	2,883,556	9.42

d. On-Market Buy Back:

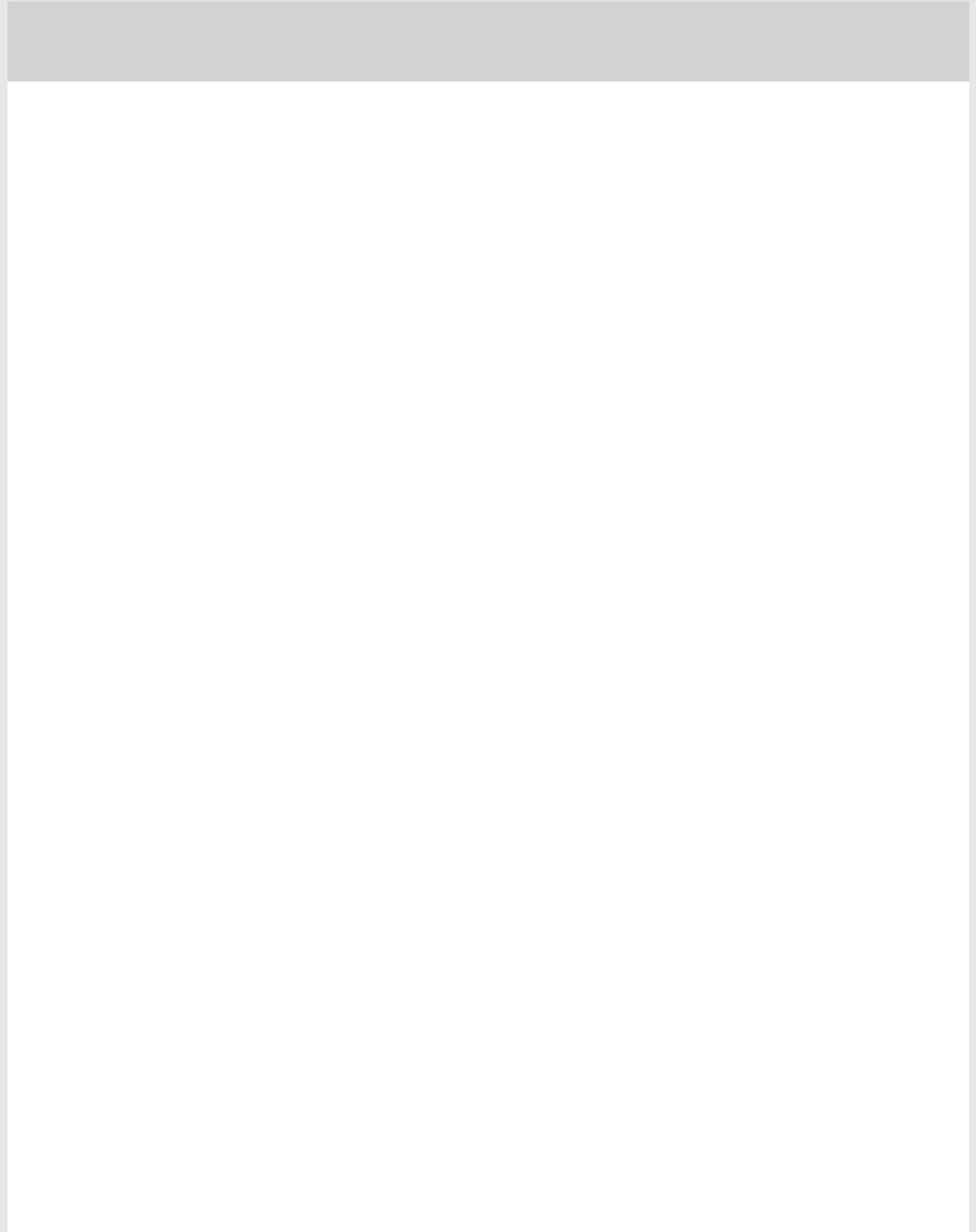
On 2 September 2005, the company lodged an Appendix 3C announcing an on-market buy-back of up to 1,543,150 ordinary shares on issue. On 28 September 2006 the company lodged an Appendix 3D amending the buy-back duration to unlimited. The company has not lodged an Appendix 3F to finalise the buy back as at 17 September 2010.

The buy back is a part of the company's capital management and is designed to improve shareholder returns. During the year ended 30 June 2010 no shares were bought back by the company.

e. Voting rights:

On a show of hands, one vote for every registered shareholder, and for a poll, one vote for every share held by a registered shareholder.

Notes



Corporate Directory



Corporate Directory

Ambertech Limited

ACN 079 080 158

Directors

Chairman – Non-Executive Director
Managing Director
Non-Executive Director
Non-Executive Director
Non-Executive Director

Peter Francis Wallace
Peter Andrew Amos
Thomas Robert Amos
Edwin Francis Goodwin
David Rostil Swift

Company Secretary

Robert John Glasson

Registered Office

Unit B 5 Skyline Place
Frenchs Forest NSW 2086
Tel: 61 2 9452 8600
Fax: 61 2 9975 1368

Accountants and Auditors

PKF Chartered Accountants and Business Advisors
Level 10, 1 Market Street
Sydney NSW 2000

Share Registry

Link Market Services
Locked Bag A14
Sydney South NSW 1235
or
Level 12, 680 George Street
Sydney NSW 2000
Tel: 02 8280 7111

Stock Exchange Listing

Australian Stock Exchange
ASX Code: AMO

PO Box 942 Brookvale
NSW 2100 Australia

Unit B 5 Skyline Place
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