



Adacel Technologies Limited  
ABN 15 079 672 281  
Suite 1, 342 South Road  
Hampton East, VIC 3188  
Australia  
T. +61 3 8530 7777  
F. +61 3 9555 0068

# Adacel Technologies Limited

(ASX: ADA)

## ASX & Media Release

Melbourne, 27 August 2015

### Appendix 4E - Preliminary Final Report Year ended 30 June 2015

Lodged with the ASX under Listing Rule 4.3A

#### Contents

Results for announcement to the market	2
Preliminary consolidated statement of comprehensive income	4
Preliminary consolidated statement of financial position	5
Preliminary consolidated statement of changes in equity	6
Preliminary consolidated statement of cash flows	7
Notes to the preliminary consolidated financial statements	8

**Adacel Technologies Limited**  
**Year ended 30 June 2015**

(Previous corresponding period: Year ended 30 June 2014)

**Results for Announcement to the Market**

<b>Revenue</b> from continuing operations	Up	26.6%	to	\$41,914,000
<b>Profit/(loss)</b> for the period attributable to owners	Up	\$6,220,000	to	\$3,933,000

<b>Dividends/distributions</b>	Amount per security	Franked amount per security
Final dividend	\$0.0125	-
Interim dividend	\$0.0075	-

**Record date** for determining entitlements to the dividend

08 September 2015

**Operating and Financial Review**

**Company Overview**

The principal activities of Adacel Technologies Limited (the Company) during the current and previous financial years were air traffic management and air traffic control simulation and software applications and services in the global aerospace sector.

**Operating Results for the year**

The 2015 financial year represents the fourth consecutive year of profitability for the Company with a profit before tax of A\$5.9 million (2014: A\$1.8 million), an improvement of over 200% over the prior period and above the recent earnings guidance. This outstanding result has been driven by a strong year of orders, the positive effects of initiatives taken in the prior period to streamline and improve the efficiency of business operations and program management.

Revenue in the period was A\$41.9 million (2014 : A\$33.1 million), an increase of 26.6%.

The Company has increased its cash balance in the year by A\$5.4 million (2014 : negative A\$3.9 million) and, as at 30 June 2015, had a net cash balance of A\$7.6 million.

**Dividend**

The Board of Directors are pleased to declare a final dividend of 1.25 cents per share (unfranked) with a record date of 8th September 2015.

The final dividend will be paid on 15th September 2015.

**Air Traffic Management**

The Air Traffic Management (ATM) business continued its consistent contribution in FY2015, underpinned by two of the Company's key customers, Lockheed Martin under the Federal Aviation Administration's (FAA) Advanced Technologies and Oceanic Procedures (ATOP) program and NavPortugal. Pleasingly, the Company received an earnings contribution from Avinor, Norway's aviation authority, following installation completion and system acceptance.

During the period, the Company was successful in being selected by the Direction des Services de la Navigation Aérienne for the French Territories Modernization program to install an air traffic management system in French Guiana. This system is the first of up to five systems to be installed in the French Territories over the next five years.

The French Guiana installation utilises the Company's Aurora air traffic management software and hardware and provides a sophisticated and automated platform to support air traffic management operations.

The Company's Aurora system also provided the core framework for the air traffic management systems currently operating in The USA, Fiji, Iceland, New Zealand, Portugal and Norway.

The Company looks forward to ongoing strong and long term relationships with our growing ATM customer base.

There are a number of air traffic opportunities the Company is pursuing in FY2016 across various regions, including Asia-Pacific, Europe, Africa and South America.

**Adacel Technologies Limited**  
**Year ended 30 June 2015**

(Previous corresponding period: Year ended 30 June 2014)

***Air Traffic Control Simulation***

As foreshadowed in the prior year, during 2015, the Company's air traffic control (ATC) simulation product, MAXSIM, maintained its position as the system of choice in air traffic control training environments for both civil and military markets. The Company's key relationships with the FAA, United States Air Force, United States Army, Air Services Australia and the Royal Australian Air Force were further consolidated and expanded throughout the period. The Company is proud of its important relationships with these aviation authorities.

A significant characteristic of these relationships is the service and support component provided by the Company which ensures that the critical training systems are always operating at their peak capabilities.

In April 2015, the Company completed the acquisition of CSC's NexSim ATC simulator business. This acquisition has provided Adacel with the opportunity of combining NexSim ATC with the existing simulator business, one which is principally focused on the university and aviation academy sector. The acquisition also enhances Adacel's ability to design and deliver advanced ATC systems which provide students with realistic hands-on practice on the path to becoming qualified air traffic controllers. The combination of the two businesses provides the Company with a growing leading market share position.

***Key Risks and Business Challenges***

The Company remains well-placed to play a significant role in the growth of its segment in the global aviation market. Sophisticated air traffic management systems and simulation training tools remain a key component to maintaining high levels of safety and efficiency for air travel.

The principal risks and business challenges for the Company are, the often elongated tender and decision-making processes on the part of the aviation authorities as well as the funding constraints experienced by these organisations. These factors can affect the Company's ability to forecast accurately the timing and quantum of both new and on-going business.

***Key Financial Results***

The key financial results and material factors affecting the assets, liabilities and equity of the Company for the period are contained in Note 2 of this Appendix 4E.

***Outlook***

The Board is optimistic regarding the future prospects for the Company.

Based on a strong order book and continued business efficiencies and disciplined program management, the Board anticipates the Company's 2016 financial year profit before tax to be at least 25% higher than 2015.

**Adacel Technologies Limited**  
**Preliminary consolidated statement of comprehensive income**  
**For the year ended 30 June 2015**

		<b>Consolidated</b>	
		<b>2015</b>	<b>2014</b>
	<b>Notes</b>	<b>\$000</b>	<b>\$000</b>
<b>Revenue from continuing operations</b>		<b>41,914</b>	<b>33,113</b>
Other income		581	836
Net foreign exchange gain		139	169
Materials and consumables		(7,536)	(2,186)
Labour expense		(21,340)	(23,525)
Depreciation and amortisation expense		(699)	(467)
Finance costs		(326)	(386)
Lease rental expense		(1,069)	(1,220)
Professional fees		(1,623)	(1,214)
Insurance expense		(593)	(536)
Communications expense		(105)	(147)
Travel & entertainment expense		(536)	(795)
Trade shows		(250)	(265)
Repairs & maintenance		(326)	(314)
Bad & doubtful debts		(775)	179
All other expenses		(1,543)	(1,467)
<b>Profit before tax</b>		<b>5,913</b>	<b>1,775</b>
Income tax expense	5	(1,980)	(4,062)
<b>Profit/(loss) from continuing operations</b>		<b>3,933</b>	<b>(2,287)</b>
<b>Profit/(loss) for the year</b>		<b>3,933</b>	<b>(2,287)</b>
<b>Other comprehensive income/(loss)</b>			
Exchange differences on translation of foreign operations		1,136	(446)
<b>Total comprehensive income/(loss) for the year</b>		<b>5,069</b>	<b>(2,733)</b>
<b>Profit/(loss) is attributable to:</b>			
<b>Owners of Adacel Technologies Limited</b>		<b>3,933</b>	<b>(2,287)</b>
<b>Total comprehensive income/(loss) for the year is attributable to:</b>			
<b>Owners of Adacel Technologies Limited</b>		<b>5,069</b>	<b>(2,733)</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the company:</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share (cents per share)	9	5.0	(2.9)
Diluted earnings/(loss) per share (cents per share)	9	5.0	(2.9)

*The above preliminary consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Adacel Technologies Limited**  
**Preliminary consolidated statement of financial position**  
**As at 30 June 2015**

		<b>Consolidated</b>	
		<b>2015</b>	<b>2014</b>
	<b>Notes</b>	<b>\$000</b>	<b>\$000</b>
<b>Current assets</b>			
Cash and cash equivalents	2(a)	7,627	2,189
Receivables	2(b)	8,059	10,766
Current tax receivable	2(c)	-	325
Accrued revenue	2(b)	7,629	2,225
Inventories	2(d)	931	362
Other financial assets	2(e)	263	377
<b>Total current assets</b>		<b>24,509</b>	<b>16,244</b>
<b>Non-current assets</b>			
Property plant and equipment (net)	2(f)	1,836	1,992
Intangible assets (net)	2(g)	1,235	1,337
Other financial assets	2(e)	25	20
<b>Total non-current assets</b>		<b>3,096</b>	<b>3,349</b>
<b>Total assets</b>		<b>27,605</b>	<b>19,593</b>
<b>Current liabilities</b>			
Borrowings	2(h)	-	5
Payables	2(i)	5,657	5,264
Advanced payments from customers	2(j)	3,512	2,145
Current tax liabilities	2(k)	1,706	362
Provisions	2(l)	459	638
Other current liabilities	2(m)	745	592
<b>Total current liabilities</b>		<b>12,079</b>	<b>9,006</b>
<b>Non-current liabilities</b>			
Borrowings	2(h)	-	1
Other non-current liabilities	2(m)	2,373	1,809
Provisions	2(l)	5	12
<b>Total non-current liabilities</b>		<b>2,378</b>	<b>1,822</b>
<b>Total liabilities</b>		<b>14,457</b>	<b>10,828</b>
<b>Net assets</b>		<b>13,148</b>	<b>8,765</b>
<b>Equity</b>			
Contributed equity	2(n)	75,253	75,345
Reserves	2(o)	(1,119)	(2,255)
Retained profits/(accumulated losses)	7	(60,986)	(64,325)
<b>Total equity</b>		<b>13,148</b>	<b>8,765</b>

*The above preliminary consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**Adacel Technologies Limited**  
**Preliminary consolidated statement of changes in equity**  
**For the year ended 30 June 2015**

	Attributable to the owners of Adacel Technologies Limited			
	Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	TOTAL EQUITY \$'000
<b>Balance at 1 July 2013</b>	75,378	(1,809)	(62,038)	11,531
Loss for the year	-	-	(2,287)	(2,287)
Exchange differences on translation of foreign operations	-	(446)	-	(446)
<b>Total Comprehensive loss for the year</b>	<u>-</u>	<u>(446)</u>	<u>(2,287)</u>	<u>(2,733)</u>
<b>Transactions with owners in their capacity as owners:</b>				
Share buyback equity reductions	(33)	-	-	(33)
	<u>(33)</u>	<u>-</u>	<u>-</u>	<u>(33)</u>
<b>Balance at 30 June 2014</b>	<u>75,345</u>	<u>(2,255)</u>	<u>(64,325)</u>	<u>8,765</u>
<b>Balance at 1 July 2014</b>	75,345	(2,255)	(64,325)	8,765
Profit for the year	-	-	3,933	3,933
Exchange differences on translation of foreign operations	-	1,136	-	1,136
<b>Total Comprehensive Income for the year</b>	<u>-</u>	<u>1,136</u>	<u>3,933</u>	<u>5,069</u>
<b>Transactions with owners in their capacity as owners:</b>				
Share buyback equity reductions	(92)	-	-	(92)
Dividends provided for or paid	-	-	(594)	(594)
	<u>(92)</u>	<u>-</u>	<u>(594)</u>	<u>(686)</u>
<b>Balance at 30 June 2015</b>	<u>75,253</u>	<u>(1,119)</u>	<u>(60,986)</u>	<u>13,148</u>

*The above preliminary consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

**Adacel Technologies Limited**  
**Preliminary consolidated statement of cash flows**  
**For the year ended 30 June 2015**

	Consolidated	
	2015	2014
Notes	\$000	\$000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	39,872	29,881
Payments to suppliers and employees (inclusive of GST)	(33,875)	(32,088)
Payments for research and development expenditure (inclusive of GST)	(480)	(959)
Refund of security deposits	134	128
	5,651	(3,038)
Interest received	16	16
Income tax paid	(325)	(310)
Tax credits refunded	1,212	860
Finance costs	1	(4)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>6</b> <b>6,555</b>	<b>(2,476)</b>
<b>Cash flows from investing activities</b>		
Payments for property plant and equipment	(248)	(814)
Proceeds from sale of property plant and equipment	-	6
Payments for Intellectual Property	(113)	-
<b>Net cash (outflow) from investing activities</b>	<b>(361)</b>	<b>(808)</b>
<b>Cash flows from financing activities</b>		
Dividend Paid	(594)	-
Repayment of borrowings	(6)	(3)
Repayment of TPC Loan	(587)	(616)
Shares repurchased through on market share buy-back	(92)	(33)
<b>Net cash (outflow) from financing activities</b>	<b>(1,279)</b>	<b>(652)</b>
<b>Net increase/(decrease) in cash held</b>	4,915	(3,936)
Cash at beginning of the financial year	2,189	6,127
Effects of exchange rate changes on cash	523	(2)
<b>Cash at end of the financial year</b>	<b>7,627</b>	<b>2,189</b>
<b>Reconciliation of cash</b>		
Cash balance at the end of the year comprises:		
Cash assets - Cash at bank	7,627	2,189
	<b>7,627</b>	<b>2,189</b>

*The above preliminary consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

**Adacel Technologies Limited**  
**Notes to the preliminary consolidated financial statements**  
**30 June 2015**

**1. Material factors affecting the revenues and expenses of the economic entity for the current period.**

A discussion on the material factors affecting the revenues and expenses of the economic entity for the current period is contained on pages 2 to 3.

**2. Material factors affecting the assets, liabilities and equity of the economic entity for the current period.**

**Note 2(a): Cash and cash equivalents**

The closing balance of cash as at 30 June 2015 was a net cash deposit of \$7.6m as compared to a net cash deposit of \$2.2m as at 30 June 2014. This is an increase in cash balances of \$5.4m. None of the overdraft facility is being utilised as at the year end.

The major components of this increase are:

: Operating activities (excluding interest and tax) \$5.7m  
: Tax Credits Refunded \$1.2m  
: Exchange Rate gain \$0.5m  
Offset by Cash Outflows of  
: Purchase of Fixed Assets \$0.3m  
: Purchase of Intellectual Property \$0.1m  
: Repayment of TPC Loan \$0.6m  
: Tax Paid \$0.3m  
: Dividend Paid \$0.6m  
: Share Buy Back \$0.1m

**Note 2(b): Receivables & accrued revenue**

Receivables and accrued revenue have increased by a net amount of \$2.7m to \$15.7m as at 30 June 2015. Receivables have decreased by \$2.7m to \$8.1m whilst accrued revenue has increased by \$5.4m to \$7.6m. The company has continued its strict focus on collections which is evident by the decrease in receivables. The increase in accrued revenue is predominantly a matter of timing where our major contracts are billed periodically upon milestone achievements and revenue is mainly recognised under the percentage of completion (POC) method. These are mainly government contracts.

**Note 2(c): Current tax receivable**

There has been a decrease of \$0.3m in current tax receivable to \$Nil for the year ending 30 June 2015. Both of our North American operating subsidiaries are now in tax paying positions.

**Note 2(d): Inventories (substantially work-in-progress)**

Inventories have increased by \$0.6 to \$0.9m as at 30 June 2015. Inventories are substantially comprised of contract work-in-progress for North American customers.

**Note 2(e): Other financial assets**

Other financial assets have decreased by \$0.1m for the year ending 30 June 2015. The decrease being a reduction in the restricted cash deposits with the Royal Bank of Canada, for security and performance guarantees.

**Note 2(f): Plant & equipment**

The net value of property, plant & equipment decreased by \$0.2m to \$1.8m during the year ended 30 June 2015. New equipment acquisitions of \$0.2m and a minor foreign exchange impact of \$0.1m have been offset by depreciation for the year of \$0.5m.

**Note 2(g): Intangible Assets**

There has been no material change in intangible assets which have decreased \$0.1m to \$1.2m as at 30 June 2015. Purchases amounted to \$0.1m and amortisation for the year was \$0.2m.



**Adacel Technologies Limited**  
**Notes to the preliminary consolidated financial statements**  
**30 June 2015**

**Note 2(h): Borrowings**

Borrowings relate to a now finalised finance lease for the phone system purchased in July 2012.

**Note 2(i): Payables**

Payables and accruals have increased by \$0.4m to \$5.7m during the year. A non-material increase while the company continues to monitor its cash management strategy.

**Note 2(j): Advance payments from customers**

Advance payments from customers have increased by \$1.4m to \$3.5m as at 30 June 2015. These customer payments are received under the terms of the contract for supply of equipment and services. This amount will decrease as sales are recognised.

**Note 2(k): Current tax liabilities**

Current tax liabilities have increased by \$1.3m to \$1.7m as at 30 June 2015 which is consistent with the increase in North American taxable income.

**Note 2(l): Provisions**

Provisions have decreased by \$0.2m to \$0.5m as at 30 June 2015. The majority of this decrease relates to warranty provision which has reduced.

**Note 2(m): Other liabilities**

Other liabilities have increased by \$0.7m to \$3.1m as at 30 June 2015. This amount represents the TPC royalty liability due to the Canadian Government for funding grants, and is recalculated each year to reflect payments made and updated forecasts.

**Note 2(n): Contributed equity**

The share capital of the company has decreased immaterially to \$75.3m as at 30 June 2015. The decrease is due to the share buy back activity of \$0.1m that occurred during the financial year.

**Note 2(o): Reserves**

Reserves have decreased by \$1.2m to \$1.1m as at 30 June 2015. This is solely due to exchange differences on the translation of foreign operations, which has been affected by the falling Australian dollar against the US and Canadian dollars.

**3. Material factors affecting the cash flows of the economic entity for the current period**

A discussion on the material factors affecting the cash flows of the economic entity for the current period is contained on pages 2 to 3.

**Adacel Technologies Limited**  
**Notes to the preliminary consolidated financial statements**  
**30 June 2015**

**4. Segment information**

	Australia		North America		Corporate Office		Intersegment Eliminations		Total	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Sales to external customers	566	809	41,348	32,304	-	-	-	-	41,914	33,113
Intersegment sales	170	330	229	91	380	370	(779)	(791)	-	-
<b>Total sales revenue</b>	<b>736</b>	<b>1,139</b>	<b>41,577</b>	<b>32,395</b>	<b>380</b>	<b>370</b>	<b>(779)</b>	<b>(791)</b>	<b>41,914</b>	<b>33,113</b>
Other revenue/income	-	-	844	1,018	2,484	4	(2,608)	(17)	720	1,005
<b>Total segment revenue/income</b>	<b>736</b>	<b>1,139</b>	<b>42,421</b>	<b>33,413</b>	<b>2,864</b>	<b>374</b>	<b>(3,387)</b>	<b>(808)</b>	<b>42,634</b>	<b>34,118</b>
Segment result prior to the following items:	54	263	7,541	1,906	2,850	370	(3,122)	1,381	7,323	3,920
Redundancies	-	-	(80)	(842)	-	-	-	-	(80)	(842)
Royalties due to Canada subsidiary	(20)	-	-	-	-	-	20	-	-	-
<b>Segment result</b>	<b>34</b>	<b>263</b>	<b>7,461</b>	<b>1,064</b>	<b>2,850</b>	<b>370</b>	<b>(3,102)</b>	<b>1,381</b>	<b>7,243</b>	<b>3,078</b>
Corporate office costs	-	-	-	-	(1,004)	(917)	-	-	(1,004)	(917)
Management fees	(80)	(75)	(296)	(289)	-	-	376	364	-	-
Finance costs	-	-	(325)	(385)	(1)	(1)	-	-	(326)	(386)
<b>Profit/(loss) before income tax</b>	<b>(46)</b>	<b>188</b>	<b>6,840</b>	<b>390</b>	<b>1,845</b>	<b>(548)</b>	<b>(2,726)</b>	<b>1,745</b>	<b>5,913</b>	<b>1,775</b>
Income tax (expense)/benefit									(1,980)	(4,062)
<b>Profit/(loss) for the period</b>									<b>3,933</b>	<b>(2,287)</b>
Segment assets	1,788	636	33,747	28,523	31,727	32,378	(39,657)	(41,944)	27,605	19,593
Segment liabilities	23,467	22,269	14,705	12,875	1,530	3,216	(25,245)	(27,532)	14,457	10,828
Acquisitions of plant and equipment & Intangibles	-	-	336	1,733	2	7	-	-	338	1,740
Depreciation and amortisation expense	-	-	699	467	-	-	-	-	699	467
Net impairment of trade receivables	-	-	775	(179)	-	-	-	-	775	(179)

**Description of segments**

The consolidated entity was organised during the current and prior financial periods on a global basis into the following areas:

*North America* - servicing the US and Canada as well as global markets in air traffic control simulation and air traffic management software and services.

*Australia* - servicing the Australian domestic market for simulation and software development services.

*Corporate Office* - servicing the Corporate functions of the company (based in Australia).

**Adacel Technologies Limited**  
**Notes to the preliminary consolidated financial statements**  
**30 June 2015**

**5. Income tax reconciliation**

	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
<b>Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit from continuing operations before income tax	5,913	1,775
Income tax expense calculated at applicable tax rates	<u>1,899</u>	<u>572</u>
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Canadian Federal and Provincial income tax credits	(401)	(751)
Non-deductible items	63	14
Utilisation of previously unbooked temporary differences	-	(430)
Current year temporary differences not brought to account	397	-
Current year tax losses and tax credits not brought to account	-	722
Utilisation of previously unbooked tax losses and tax credits	(108)	-
Reversal of previously booked tax losses and tax credits	-	3,861
Income tax under/(over) provided in prior years	6	(10)
Withholding tax on overseas remittances	124	84
<b>Income tax expense</b>	<b><u>1,980</u></b>	<b><u>4,062</u></b>

**6. Reconciliation of profit/(loss) after income tax to net cash flows from operating activities**

	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Operating profit/(loss) from ordinary activities after income tax	3,933	(2,287)
Non cash items:		
Depreciation and amortisation	699	467
Bad debts written off	793	-
Provision for Doubtful Debts reversal	(18)	(179)
Net exchange differences	(139)	(169)
Changes in assets and liabilities:		
(Increase) in trade receivables and accrued revenue	(3,043)	(3,629)
Decrease in other receivables and other assets	660	785
(Increase)/Decrease in inventory	(381)	43
Decrease/(Increase) in prepayments	102	(238)
Decrease in deferred tax assets and liabilities and tax payable	1,642	3,276
Increase/(Decrease) in trade and other creditors	1,464	(559)
(Decrease)/Increase in employee benefits provisions	(13)	12
(Decrease) in other provisions	(209)	(230)
Increase in advanced payments from customers	1,064	232
Decrease in other non-current assets	1	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b><u>6,555</u></b>	<b><u>(2,476)</u></b>

**Adacel Technologies Limited**  
**Notes to the preliminary consolidated financial statements**  
**30 June 2015**

**7. Retained earnings/(accumulated losses)**

	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Balance at the beginning of the year	(64,325)	(62,038)
Net profit/(loss) for the year	3,933	(2,287)
Dividends provided for or paid	(594)	-
<b>Balance at the end of the year</b>	<b>(60,986)</b>	<b>(64,325)</b>

**8. Net tangible asset backing**

	<b>2015</b>	<b>2014</b>
(a) Net tangible asset backing per ordinary share (cents per share)	15.0	9.3
(b) Number of ordinary shares used as the denominator in calculating net tangible asset backing per ordinary share	79,268,178	79,580,379

**9. Earnings per share**

	<b>2015</b>	<b>2014</b>
Basic Profit/earnings/(loss) per share (cents per share)	5.0	(2.9)
Diluted earnings/(loss) per share (cents per share)	5.0	(2.9)

**(a) Reconciliations of earnings used in calculating earnings per share**

	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
<i>Basic earnings per share</i>		
Profit/(loss) from continuing operations	3,933	(2,287)
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share	<b>3,933</b>	<b>(2,287)</b>
<i>Diluted earnings per share</i>		
Profit/(loss) from continuing operations	3,933	(2,287)
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	<b>3,933</b>	<b>(2,287)</b>

**(b) Weighted average number of ordinary shares used as the denominator**

	<b>2015</b>	<b>2014</b>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	79,397,356	79,632,209
Adjustments for calculation of diluted earnings per share		
Options	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<b>79,397,356</b>	<b>79,632,209</b>

**Adacel Technologies Limited**  
**Notes to the preliminary consolidated financial statements**  
**30 June 2015**

**10. Dividends**

The Directors have declared an unfranked final dividend of 1.25 cents per share. The Record Date for the Dividend is 8 September 2015 and the dividend will be paid on 15 September 2015. This follows on from the 0.75 cent per share Interim Dividend declared at the half year. No dividends were provided for or paid during the previous financial year ended 30 June 2014.

**11. Contingent liabilities**

Guarantees of \$0.7m (2014: \$1.3m) have been given to banks and customers in relation to contract warranties and performance.

From time to time, employees and consultants may make claims against the company with respect to remuneration or labour matters. The company vigorously defends these types of claims. At balance date, the company is aware of one such claim. It is currently in the hands of our insurance company who believe the claim is without merit. There is no further expense expected to be incurred.

**12. Financing facility**

The Royal Bank of Canada (RBC) has provided the company an overdraft and guarantee facility for up to \$10,000,000 Canadian Dollars. The facility is governed by pre-agreed covenants with the bank and is repayable on demand. The facility is secured by a fixed and floating charge over the assets and undertakings of Adacel Inc (Canadian operating entity). Adacel Technologies Limited (the parent entity) and the other North American entities (Adacel Systems Inc, Adacel Technologies Holdings Inc and Adacel Technologies Inc) have also agreed to provide a guarantee to the bank for the facility. The RBC also provides Adacel with facilities for credit cards and forward exchange contracts. The credit card facility is currently \$100,000 Canadian Dollars and \$25,000 US Dollars. The forward exchange contract facility is currently Unlimited, and contracts are issued as requested. The guarantees that are utilised through the RBC have been 100% guaranteed by Export Development Canada.

The directors have reviewed the size and terms of the facility and its continued availability. The directors are satisfied that the operating plans and budgets for the period of 12 months from the date of signing the financial report will provide sufficient cash flows, that together with the facility, and existing cash reserves, will be adequate for the company's requirements.

**13. Events occurring after reporting date**

There were no significant events subsequent to balance date.

**14. Audit**

This report is based on accounts which are in the process of being audited.