



Ambertech Limited and Controlled Entities

ACN 079 080 158

Appendix 4E – Preliminary Final Report

Year Ended 30 June 2016

For Immediate Release 26 August 2016

Results for Announcement to the Market

Further Explanation of the Results

Outlook for the business



Results for Announcement to the Market

For the year ended 30 June 2016

Key Information

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

	2016 \$'000	2015 \$'000	Movement Up \$'000	%
Revenue from ordinary activities	54,681	50,157	4,524	9.0
Profit/(Loss) after income tax for the period attributable to members	237	(1,654)	1,891	114.3

Dividends

The Board has announced that no final dividend will be paid in respect of the year ended 30 June 2016.

Dividend History

There were no dividends paid or declared during the year ended 30 June 2016.

	2016	2015
Net Tangible Assets per security	31.7c	30.7c

Further Explanation of the results follows in the attached commentary.



Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2016

	2016	2015
	\$'000	\$'000
Revenue	54,681	50,157
Cost of sales	(38,337)	(34,980)
Gross profit	16,344	15,177
Other income	87	-
Employee benefits expense	(8,910)	(8,500)
Distribution costs	(1,298)	(1,590)
Marketing costs	(1,481)	(1,053)
Premises costs	(1,992)	(1,901)
Depreciation and amortisation expenses	(266)	(279)
Finance costs	(865)	(829)
Travel costs	(486)	(483)
Other costs	(897)	(961)
Profit/(Loss) before income tax expense	236	(419)
Income tax benefit/(expense)	1	(1,235)
Profit/(Loss) for the year	237	(1,654)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	64	(46)
Total comprehensive income for the year	301	(1,700)
Earnings per share		
Basic earnings per share (cents)	0.8	(5.4)
Diluted earnings per share (cents)	0.8	(5.4)

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



Consolidated Statement of Financial Position
As at 30 June 2016

	2016	2015
	\$'000	\$'000
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	948	1,521
Trade and other receivables	8,084	7,325
Current tax assets	-	1
Inventories	12,942	14,906
TOTAL CURRENT ASSETS	21,974	23,753
NON-CURRENT ASSETS		
Plant and equipment	1,153	1,365
Intangible assets	7	16
Deferred tax assets	1,174	1,146
TOTAL NON-CURRENT ASSETS	2,334	2,527
TOTAL ASSETS	24,308	26,280
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Trade and other payables	8,134	9,113
Other financial liabilities	3,534	4,719
Provisions	1,580	1,605
TOTAL CURRENT LIABILITIES	13,248	15,437
NON-CURRENT LIABILITIES		
Other financial liabilities	-	23
Provisions	200	278
Deferred tax liabilities	20	3
TOTAL NON-CURRENT LIABILITIES	220	304
TOTAL LIABILITIES	13,468	15,741
NET ASSETS	10,840	10,539
<u>EQUITY</u>		
Share capital	11,138	11,138
Reserves	31	(33)
Retained earnings	(329)	(566)
TOTAL EQUITY	10,840	10,539

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



Consolidated Statement of Changes in Equity
For the year ended 30 June 2016

	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance as at 30 June 2014	11,138	13	1,088	12,239
Loss for the year	-	-	(1,654)	(1,654)
Other comprehensive income for the year	-	(46)	-	(46)
Total comprehensive income for the year	-	(46)	(1,654)	(1,700)
Transactions with equity holders:				
Costs of share based payments	-	-	-	-
Balance as at 30 June 2015	11,138	(33)	(566)	10,539
Profit for the year	-	-	237	237
Other comprehensive income for the year	-	64	-	64
Total comprehensive income for the year	-	64	237	301
Transactions with equity holders:				
Costs of share based payments	-	-	-	-
Balance as at 30 June 2016	11,138	31	(329)	10,840



Consolidated statement of Cash Flows
For the year ended 30 June 2016

	2016	2015
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	58,891	55,632
Payments to suppliers and employees	(53,177)	(50,702)
Interest received	17	22
Interest and other costs of finance paid	(865)	(829)
Income taxes refunded	1	10
Net goods and services tax remitted	(4,148)	(3,766)
Net cash provided by operating activities	719	367
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(45)	(61)
Net cash (used in) investing activities	(45)	(61)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	368	4,353
Repayment of borrowings	(1,600)	(3,658)
Net cash (used in)/provided by financing activities	(1,232)	695
Net (decrease)/increase in cash and cash equivalents held	(558)	1,001
Cash and cash equivalents at beginning of year	1,521	511
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies at the beginning of the financial year	(15)	9
Cash and cash equivalents at end of year	948	1,521

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



Notes to the Consolidated Financial Statements

1. Basis of Preparation

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and is based on accounts which are in the process of being audited.

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

Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public pronouncements made by the consolidated entity during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001. Accounting policies have been consistently applied by the entities in the group, and are consistent with those applied in the 30 June 2015 annual report.

	2016	2015
	\$'000	\$'000
2. Revenue		
Sale of goods and services	54,664	50,135
Interest received	17	22
Total	54,681	50,157
3. Expenses		
Additional information on the nature of expenses		
Inventories		
Cost of sales	38,337	34,980
Movement in provision for inventory obsolescence	(35)	(282)
Employee benefits expense		
Salaries and wages	8,753	8,387
Employee termination expense	157	113
	8,910	8,500
Depreciation and amortization		
Plant and equipment	62	71
Furniture and fittings	33	36
Leasehold improvements	146	147
Leased plant and equipment	16	16
Website costs	9	9
	266	279
Bad and doubtful debts	128	29
Rental expense on operating leases		
Minimum lease payments	1,431	1,374



Notes to the Consolidated Financial Statements

	2016 \$'000	2015 \$'000
4. Cash Flow Information		
(i) Cash and cash equivalents		
Cash and cash equivalents included in the statement of cash flows are comprised of the following amounts:		
Cash on hand	3	3
At call deposits with financial institutions	945	1,518
Total cash and cash equivalents	948	1,521
(ii) Reconciliation of loss after income tax to net cash provided by operating activities		
Profit/(Loss) for the year	237	(1,654)
Depreciation and amortization	266	279
Net loss on disposal of plant and equipment	-	1
Foreign exchange (gain)/loss	(87)	156
Changes in operating assets and liabilities		
Doubtful debt expenses	128	29
(Increase)/decrease in trade and other receivables	(851)	849
Decrease in prepayments	18	26
Decrease/(increase) in inventories	2,054	(1,207)
Decrease in tax receivable	-	10
(Increase)/decrease in deferred taxes	(1)	1,235
(Decrease)/increase in payables	(931)	699
(Decrease) in provisions	(114)	(56)
Net cash provided by operating activities	719	367

(iii) Non Cash Financing and Investing Activities

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



Notes to the Consolidated Financial Statements

	2016	2015
5. Earnings Per Share		
Basic earnings per share (cents)	0.8	(5.4)
Weighted average number of ordinary shares (number)	30,573,181	30,573,181
Earnings used to calculate basic earnings per share (\$,000)	237	(1,654)
Diluted earnings per share (cents)	0.8	(5.4)
Weighted average number of ordinary shares (number)	30,573,181	30,573,181
Earnings used to calculate diluted earnings per share (\$,000)	237	(1,654)



Further Explanation of the results

For the year ended 30 June 2016

Result for the year

	2016 \$'000	2015 \$'000	Change up %
EBIT	1,084	388	179.4
Net finance costs	(848)	(807)	
Profit/(loss) before income tax	236	(419)	156.3
Income tax income/(expense)	1	(1,235)	
Profit/(Loss) for the year	237	(1,654)	114.3

The 2016 financial year continued the improving trend of results for the Ambertech business, with an increase in EBIT of over 179% and a profit recorded for the year. Finance costs on the company's invoice discounting facility increased from the prior year as a result of higher usage rates associated with an increase in business activity.

Further explanation of the result is included in the Segment Results below.

Segment Results

	Lifestyle Entertainment			Professional			New Zealand		
	2016	2015	Change up	2016	2015	Change up/	2016	2015	Change (down)
	\$'000	\$'000	%	\$'000	\$'000	%	\$'000	\$'000	%
Sales to external customers	28,563	26,196	9.0	22,722	20,111	13.0	3,379	3,828	(11.7)
Segment EBIT	977	(201)	586.1	499	207	141.1	(256)	142	(280.3)

Lifestyle Entertainment

The structural changes made to Ambertech's Lifestyle Entertainment group bore fruit in the current financial year with significant improvement in Segment EBIT contribution. Growth in revenue was driven by strong performance from the segment's core brand offerings to our major retail and dealer networks.

Our growth platform in this area continues to be provided by a focus on core brands which provide a suitable return on investment, and on new brands that are complementary or are considered to be in growth areas.

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



Professional Segment

Our media systems offerings had a strong second half of the financial year which enabled our Professional group to return growth in EBIT contribution to the business. Our media systems offerings are predominantly project based, with recurring revenue from support contracts. Management continues to focus on growth areas including law enforcement, defence and mining with communications systems.

The improvement in results during the second half of the year is a result of success with some of our newer core brand offerings. This should continue in coming periods.

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

New Zealand

Ambertech's New Zealand operation had a difficult year with a lack of success in project based work. The business has also seen significant change in personnel during the period with the retirement of our NZ Managing Director. Executive management have developed a plan to grow this business, including increased support from the Australian sales team in an effort to win back project based business where market share has been lost. Additionally, we continue to review operations for opportunities to reduce costs and achieve improved business efficiency.

Outlook for the business

The Board of Ambertech ("the Board") and senior management continue to adapt and improve on the strategy for growth in place for the business. The 2016/17 financial year has begun well, however at this early stage the Board is unable to provide guidance on potential results with any certainty. The Board expects to be able to update investors by the time of holding the company's AGM.

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

On behalf of the Board of Ambertech Limited

Robert Glasson

COO, Company Secretary
Sydney, 26 August 2016