

**AMBERTECH LIMITED  
AND CONTROLLED ENTITIES  
ACN 079 080 158  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

## **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 2016 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 during the whole of the financial year and up to the date of this report unless otherwise stated.

#### **Information on directors**

##### **Peter Francis Wallace**

###### **Chairman - Non Executive Director**

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.

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**

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 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**

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

ACN 079 080 158

### DIRECTORS' REPORT

---

#### **Edwin Francis Goodwin**

##### **Non-Executive Director**

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**

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 an independent telecommunications management and technology consultant 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 and Chief Operating Officer**

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

Robert Glasson joined Ambertech Limited on 1 July 2002 and also holds the position of Chief Operating Officer. He previously held the position of Chief Financial Officer up until 30 June 2015. He has a Bachelor of Business degree from the University of Technology, Sydney, and is a member of Chartered Accountants Australia and New Zealand. 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 economic 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 economic entity employed 94 employees as at 30 June 2016 (2015: 89 employees).

### **REVIEW AND RESULTS OF OPERATIONS**

The consolidated profit of the economic entity before providing for income tax for the financial year was \$236,000. This was improved from a loss before tax of \$419,000 in the previous period. Total revenues for the financial year increased by 9% to \$54,681,000 (2015: \$50,157,000). 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 reasonably strong and stable financial position with the potential to expand and grow its current operations. The economic entity recorded positive operating cash flows of \$719,000 (2015: \$367,000) for the year ended 30 June 2016. Whilst borrowings were decreased by \$1,185,000 during the financial year, the economic entity maintained a healthy working capital ratio.

The economic entity's working capital, being current assets less current liabilities, has increased by \$410,000 to \$8,726,000 as at 30 June 2016 (2015: \$8,316,000). The net assets of the economic entity have also increased by \$301,000 to \$10,840,000 as at 30 June 2016 (2015: \$10,539,000).

### **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.

### **EVENTS SUBSEQUENT TO REPORTING DATE**

Subsequent to year end, the economic entity secured a \$4.08M forward exchange contract facility with American Express FX International Payments. The facility will be used for payment of foreign currency payables and to assist in managing the economic entity's foreign currency risk. There were no other matters that have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations or state of affairs of the economic entity in future financial years.

### **FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

The 2016-17 financial year has begun well, and as a result the Board of Ambertech Limited ("the Board") is cautiously optimistic that it can deliver on business strategies, which continue to focus on returning positive results for investors in the short term. At this early stage the Board is unable to provide guidance on potential results with any certainty; however expects to be able to update investors by the time of holding the company's AGM.

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

### **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 and its regulations. The disclosures contained within the remuneration report have been audited.

In recent years the remuneration policy of the company has had to take into account competing interests. On one hand, shareholder returns are inadequate, while Directors, faced with their responsibilities to the Company, need to retain an experienced, expert Board and executive management team. Directors are aware that these staff may have opportunities to pursue their careers in less challenging environments with prospects of greater remuneration.

Consistent with this view, there have been no significant changes to the remuneration strategy employed by the Board for the 2016 financial year. There has been no change in the remuneration of non-executive directors since 1 January 2010.

#### **Remuneration Strategy**

##### **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. In response to the financial performance of the company the remuneration of non-executive directors has remained unchanged since 1 January 2010.

##### **Executive Remuneration**

##### **Managing Director and Chief Operating Officer**

Remuneration of the Managing Director and the Chief Operating Officer (COO) 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 COO 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, however if paid on target these incentives would have represented approximately 20% of total salary for the Managing Director and 15% of total salary for the COO.

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.

As a result of the financial performance of the company, the Managing Director and COO have foregone the entirety of their short term incentive and KPI salary components for the past six financial years.

## REMUNERATION REPORT (continued)

### Other Executives

Remuneration of other key executives is set by the Managing Director and Chief Operating Officer, with reference to guidelines set 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.

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.

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

	2016	2015	2014	2013	2012
Dividends paid (cents per share)	-	-	-	-	-
Closing share price at 30 June (\$)	\$0.125	\$0.135	\$0.20	\$0.23	\$0.24
Net profit/(loss) after tax (\$'000)	237	(1,654)	(1,000)	(2,212)	(4,693)

### 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	Group COO, Company Secretary
P Amos	Group Managing Director	P Simmons	General Manager, Lifestyle Entertainment Resigned: 13/11/2015
T Amos	Non-Executive Director	R Neale	General Manager, Lifestyle Entertainment Commenced: 23/11/2015
E Goodwin	Non-Executive Director	R Caston	General Manager, Broadcast & Professional
D Swift	Non-Executive Director	R McCleery	Managing Director, Amber New Zealand Resigned: 31/03/2016
		N Lee	General Manager, Amber New Zealand Commenced: 01/04/2016

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.

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
**ACN 079 080 158**  
**DIRECTORS' REPORT**

**REMUNERATION REPORT (continued)**

**Elements of Remuneration**

<u>2016</u>	Short-term employment benefits		Post employment benefits	Long-term employment benefits	Total	% Performance Related
	Salary fees and leave	Cash Bonus	Superannuation	LSL accrued/ (taken)		
Directors	\$	\$	\$	\$	\$	
P Amos	345,155	-	34,015	6,925	386,095	0.0%
P Wallace	55,046	-	5,233	-	60,279	0.0%
T Amos	32,111	-	3,053	-	35,164	0.0%
E Goodwin	32,111	-	3,053	-	35,164	0.0%
D Swift	105	-	35,000	-	35,105	0.0%
	<b>464,528</b>	<b>-</b>	<b>80,354</b>	<b>6,925</b>	<b>551,807</b>	<b>0.0%</b>
<b>Executives</b>						
R Glasson	191,833	-	18,315	3,729	213,877	0.0%
R Caston	152,653	-	31,923	(13,247)	171,329	0.0%
P Simmons - Resigned 13/11/15	108,857	1,250	10,393	-	120,500	1.0%
R Neale - Commenced 23/11/15	126,704	4,566	21,509	149	152,928	3.0%
R McCleery - Resigned 31/3/16	107,869	-	-	-	107,869	0.0%
N Lee - Commenced 1/4/16	25,789	-	1,467	-	27,256	0.0%
	<b>713,705</b>	<b>5,816</b>	<b>83,607</b>	<b>(9,369)</b>	<b>793,759</b>	<b>0.7%</b>

(1) On 13 November 2015, a cash bonus of \$1,250 was paid to Mr Simmons relating to performance against KPI's. The bonus is 100% of the total available to Mr Simmons under his KPI scheme.

(2) On 14 April 2016, a cash bonus of \$4,566 was paid to Mr Neale relating to performance against KPI's. The bonus is 100% of the total available to Mr Neale under his KPI scheme.

<u>2015</u>	Short-term employment benefits		Post employment benefits	Long-term employment benefits	Total	% Performance Related
	Salary fees and leave	Cash Bonus	Superannuation	LSL accrued/ (taken)		
Directors	\$	\$	\$	\$	\$	
P Amos	360,979	-	33,991	6,915	401,885	0.0%
P Wallace	55,046	-	5,229	-	60,275	0.0%
T Amos	32,111	-	3,051	-	35,162	0.0%
E Goodwin	32,111	-	3,051	-	35,162	0.0%
D Swift	90	-	34,990	-	35,080	0.0%
	<b>480,337</b>	<b>-</b>	<b>80,312</b>	<b>6,915</b>	<b>567,564</b>	<b>0.0%</b>
<b>Executives</b>						
R Glasson	196,484	-	18,303	(37,358)	177,429	0.0%
R Caston	142,398	5,000	35,089	4,742	187,229	2.7%
P Simmons	163,039	10,000	22,021	5,062	200,122	5.0%
R McCleery	123,403	-	-	-	123,403	0.0%
	<b>625,324</b>	<b>15,000</b>	<b>75,413</b>	<b>(27,554)</b>	<b>688,183</b>	<b>2.2%</b>

(1) On 12 June 2015, a cash bonus of \$5,000 was paid to Mr Caston relating to performance against KPI's. The bonus is 100% of the total available to Mr Caston under his KPI scheme.

(2) On 14 August 2014, a cash bonus of \$5,000 was paid to Mr Simmons relating to performance against 2013-14 KPI's. The bonus is 100% of the total available to Mr Simmons under his KPI scheme. On 12 June 2015, a cash bonus of \$5,000 was paid to Mr Simmons relating to performance against 2014-15 KPI's. The bonus is 100% of the total available to Mr Simmons under his KPI scheme.

**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 \$380,000 (2015: \$380,000).

**Share based compensation**

The company 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.

There were no options on issue to directors and key executives at the date of this report. There were no options issued during or since the end of the financial year.

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

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.



**AMBERTECH LIMITED AND CONTROLLED ENTITIES**

ACN 079 080 158

**DIRECTORS' REPORT****Interests of Directors**

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

<u>Director</u>	<u>Ordinary Shares</u>	
	2016	2015
P Wallace	236,528	236,528
P Amos	4,313,843	4,313,843
T Amos	5,484,625	5,484,625
E Goodwin	2,883,556	2,883,556
D Swift	2,995,826	2,995,826

**DIVIDENDS**

There were no dividends paid or declared by the Company to members since the end of the previous financial year.

**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	9	9	3	3	2	2
P Amos	9	9	-	-	-	-
T Amos	9	9	-	-	-	-
E Goodwin	8	9	3	3	-	-
D Swift	9	9	-	-	2	2

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**

ACN 079 080 158

**DIRECTORS' REPORT**

---

**NON-AUDIT SERVICES**

It is the economic entity's policy to employ BDO East Coast Partnership (BDO) for assignments additional to their annual audit duties, when BDO'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 and Risk Management 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 fees that were paid or payable for services provided by the auditor of the parent entity and its related practices are disclosed at note 27.

The directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

**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 indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

**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 23rd day of September 2016.

Sydney

## DECLARATION OF INDEPENDENCE BY PAUL BULL TO THE DIRECTORS OF AMBERTECH LIMITED

As lead auditor of Ambertech Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. 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 period.



Paul Bull  
Partner

**BDO East Coast Partnership**

Sydney, 23 September 2016

## 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 consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view 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 company'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.

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Ambertech Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### 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 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

### Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 8 of the directors' report for the year ended 30 June 2016. The directors of the company 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.

### Opinion

In our opinion, the Remuneration Report of Ambertech Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

### BDO East Coast Partnership



Paul Bull  
Partner

Sydney, 23 September 2016

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**

ACN 079 080 158

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	Economic Entity	
		2016 \$'000	2015 \$'000
<b>Revenue</b>	3	54,681	50,157
Cost of sales	4	<u>(38,337)</u>	<u>(34,980)</u>
<b>Gross profit</b>		16,344	15,177
Other income	3	87	-
Employee benefits expense	4	(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	4	(266)	(279)
Finance costs		(865)	(829)
Travel costs		(486)	(483)
Other expenses		<u>(897)</u>	<u>(961)</u>
<b>Profit/(loss) before income tax</b>	4	236	(419)
Income tax benefit/(expense)	5	<u>1</u>	<u>(1,235)</u>
<b>Profit/(loss) for the year</b>		<u><b>237</b></u>	<u><b>(1,654)</b></u>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<u>64</u>	<u>(46)</u>
Other comprehensive income for the year, net of tax		<u>64</u>	<u>(46)</u>
<b>Total comprehensive income for the year</b>		<u><b>301</b></u>	<u><b>(1,700)</b></u>
<b>Earnings per share</b>			
Basic earnings per share (cents)	25	<u>0.8</u>	<u>(5.4)</u>
Diluted earnings per share (cents)	25	<u>0.8</u>	<u>(5.4)</u>

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

AMBERTECH LIMITED AND CONTROLLED ENTITIES

ACN 079 080 158

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	Economic Entity	
		2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	23	948	1,521
Trade and other receivables	6	8,084	7,325
Current tax assets	7	-	1
Inventories	8	12,942	14,906
<b>TOTAL CURRENT ASSETS</b>		<b>21,974</b>	<b>23,753</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	10	1,153	1,365
Intangible assets	11	7	16
Deferred tax assets	5	1,174	1,146
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,334</b>	<b>2,527</b>
<b>TOTAL ASSETS</b>		<b>24,308</b>	<b>26,280</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	8,134	9,113
Other financial liabilities	13	3,534	4,719
Provisions	14	1,580	1,605
<b>TOTAL CURRENT LIABILITIES</b>		<b>13,248</b>	<b>15,437</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	14	200	278
Other financial liabilities	13	-	23
Deferred tax liabilities	5	20	3
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>220</b>	<b>304</b>
<b>TOTAL LIABILITIES</b>		<b>13,468</b>	<b>15,741</b>
<b>NET ASSETS</b>		<b>10,840</b>	<b>10,539</b>
<b>EQUITY</b>			
Share capital	15	11,138	11,138
Reserves	16	31	(33)
(Accumulated losses)/retained earnings		(329)	(566)
<b>TOTAL EQUITY</b>		<b>10,840</b>	<b>10,539</b>

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 2016

	Share Capital \$'000	Option Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Economic Entity</b>					
<b>Balance as at 30 June 2014</b>	<b>11,138</b>	-	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)
<b>Balance as at 30 June 2015</b>	<b>11,138</b>	-	(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
<b>Balance as at 30 June 2016</b>	<b>11,138</b>	-	31	(329)	10,840

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 2016**

	Note	Economic Entity	
		2016 \$'000	2015 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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
Goods and services tax remitted		(4,148)	(3,766)
<b>Net cash provided by operating activities</b>	23	<u>719</u>	<u>367</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		<u>(45)</u>	<u>(61)</u>
<b>Net cash (used in) investing activities</b>		<u>(45)</u>	<u>(61)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		368	4,353
Repayment of borrowings		<u>(1,600)</u>	<u>(3,658)</u>
<b>Net cash (used in)/provided by financing activities</b>		<u>(1,232)</u>	<u>695</u>
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		<u>(15)</u>	<u>9</u>
<b>Cash and cash equivalents at end of year</b>	23	<u>948</u>	<u>1,521</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 economic entity consisting of Ambertech Limited and its controlled entities. Ambertech Limited is a company limited by shares, incorporated and domiciled in Australia.

**Operations and principal activities**

Ambertech Limited 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 1, 2 Daydream Street, Warriewood NSW 2102.

**Authorisation of financial statements**

The financial statements were authorised for issue on 23 September 2016 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. These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for profit oriented entities. The financial statements have been prepared under the historic cost convention.

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).

Going Concern

After taking into account all of the available information, the directors have concluded that there are reasonable grounds to believe that the basis for the preparation of the financial statements on a going concern basis is appropriate.

New, revised or amending Accounting Standards and Interpretations adopted

The economic entity has adopted all of the new, revised or amending Accounting Standards and interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**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 2016, but have not been applied in preparing these financial statements.

- (i) AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- (ii) AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(a) Overall Policy (continued)**

(iii) AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

**(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 are discussed below.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the ageing of receivables, historical collection rates, and specific knowledge of the individual debtor's financial position.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Significant Judgements and Key Assumptions (continued)**

Recovery of deferred tax assets

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

Estimated useful life of assets

The economic entity determines the estimated useful life and related depreciation and amortisation charges for plant and equipment and definite life of intangible assets. This is in accordance with the accounting policy stated in note 2(h).

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Warranty provision

In determining the level of provision required for warranties, the economic entity has made judgements in respect of the expected performance of the product, expected customer claims and costs of fulfilling the conditions of warranty. The provision is based on estimates made from historical warranty costs associated with similar products.

**(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.

**(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 three months, and bank overdrafts.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Trade and other 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. Trade receivables are generally due for settlement between 30 and 60 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. A provision for impairment of trade receivables is raised 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) Inventories**

Inventories include finished goods and stock in transit and are measured at the lower of weighted average 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 its 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.

**(i) Intangible Assets**

Goodwill

All business combinations are accounted for by applying the acquisition 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(j)).

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

Website Costs

Significant costs associated with website costs are deferred and amortised on a straight-line basis over the period of their expected benefit, being a finite life of 3 years.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) 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 profit or loss and other comprehensive income.

**(k) 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. Due to their short term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**(l) 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 profit or loss and other 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.

**(m) Service Warranties**

Provision is made for the estimated liability on all products still under warranty at balance date. The provision is based on estimates made from historical warranty costs associated with similar products.

**(n) 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.

**(ii) Finance leases**

Lease payments, where substantially all the risks and benefits incidental to the ownership of the leased asset transfer from the lessor to the lessee, are allocated between the principal component of the lease liability and the finance costs. Leased assets acquired under a finance lease are depreciated over the term of the lease.

**(o) Share Based Payments**

Options issued over ordinary shares are valued using the Black-Scholes 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.



**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(p) 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.

**(q) Income Tax**

The income tax expense or benefit 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)**

**(r) 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 prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating to the exchange rates prevailing at the dates of the transactions.

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

**(s) 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.

**(t) 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.

**(u) 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.

**(v) 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.

**(w) 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.

**(x) Derivative financial instruments**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Derivatives are classified as current according to expected period of realisation.

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
**ACN 079 080 158**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Economic Entity</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>NOTE 3: REVENUE</b>		
<b>Revenue</b>		
- Sale of goods and services	54,664	50,135
- Interest received	17	22
	<u>54,681</u>	<u>50,157</u>
<b>Other income</b>		
- Net foreign exchange gains	87	-
	<u>87</u>	<u>-</u>
<b>NOTE 4: EXPENSES</b>		
Additional information on the nature of expenses		
<b>Inventories</b>		
Cost of sales	38,337	34,980
Movement in provision for inventory obsolescence	(35)	(282)
	<u>38,302</u>	<u>34,698</u>
<b>Employee benefits expense</b>		
Salaries and wages	7,902	7,610
Defined contribution superannuation expense	851	777
Employee termination expense	157	113
	<u>8,910</u>	<u>8,500</u>
<b>Depreciation</b>		
Plant and equipment	62	71
Furniture and fittings	33	37
Leasehold improvements	146	147
Leased plant and equipment	16	15
	<u>257</u>	<u>270</u>
<b>Amortisation</b>		
Website costs	9	9
	<u>9</u>	<u>9</u>
<b>Other expenses</b>		
Net foreign exchange losses	-	156
	<u>-</u>	<u>156</u>
<b>Bad and doubtful debts</b>	<u>128</u>	<u>10</u>
<b>Rental expense on operating leases:</b>		
Minimum lease payments	1,431	1,374
	<u>1,431</u>	<u>1,374</u>
Net loss on disposal of plant and equipment	-	1
	<u>-</u>	<u>1</u>
Net fair value (loss) on derivative financial instruments - forward exchange contracts	-	-
	<u>-</u>	<u>-</u>

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
**ACN 079 080 158**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Economic Entity</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>NOTE 5: INCOME TAX</b>		
<b>Major components of income tax</b>		
Under provision in prior years	-	128
Deferred tax	(10)	(3)
Deferred tax asset written off	9	-
Reversal of previously recognised unused losses	-	1,110
Income tax (benefit)/expense	<u>(1)</u>	<u>1,235</u>
<b>Reconciliation between income tax and prima facie tax on accounting profit/(loss)</b>		
Profit/(loss) before income tax	<u>236</u>	<u>(419)</u>
Tax at 30% (2015:30%)	71	(126)
Tax effect of non deductible expenses/non assessable income		
- Entertainment	15	13
- Other items	5	(41)
Unused tax losses not recognised as deferred tax assets	72	276
Recoupment of prior year tax losses not previously brought to account	(173)	-
Reversal of previously recognised unused losses	-	1,110
Deferred tax asset written off	9	-
Under provision for income tax in prior years	-	3
Income tax (benefit)/expense	<u>(1)</u>	<u>1,235</u>
<b>Applicable tax rate</b>		
The applicable tax rate is the national tax rate in Australia of 30%.		
<b>Analysis of deferred tax assets</b>		
Employee benefits	485	496
Plant and equipment	168	135
Accrued expenses	164	191
Provision for impairment of receivables	48	11
Provision for obsolescence	226	238
Inventory	33	26
Unrealised foreign currency loss	-	3
Other	50	46
	<u>1,174</u>	<u>1,146</u>
<b>Analysis of deferred tax liabilities</b>		
Unrealised foreign currency gain	14	-
Other	6	3
	<u>20</u>	<u>3</u>

**Tax consolidated group**

Ambertech Limited is the head entity in a tax consolidated group. The tax consolidated legislation has been applied in respect of the year ended 30 June 2016.

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.

**Tax Losses**

In order to recognise a deferred tax asset relating to tax losses, the Directors must be satisfied that forecast results provide sufficient evidence that the economic entity will be able to utilise tax losses against future taxable profits of the economic entity. As a general rule, Directors will consider forecast results over a three year period as a guide to determining the recoverability of the asset.

In 2015 the board determined that it could no longer justify the recognition of a deferred tax asset resulting from accumulated tax losses. At balance date, total unused tax losses available amounted to \$5,103,725 (2015: \$5,681,604). The potential tax benefit of these losses at 30% is \$1,531,118 (2015: \$1,704,481).

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
**ACN 079 080 158**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Economic Entity</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>NOTE 6: TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade receivables (a)	8,057	7,199
Provision for impairment of receivables (b)	<u>(160)</u>	<u>(36)</u>
	7,897	7,163
Other receivables (a)	74	32
Prepayments	<u>113</u>	<u>130</u>
	<u>8,084</u>	<u>7,325</u>

(a) Current trade and other receivables are non-interest bearing loans, generally between 30 and 60 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	36	82
Charge for the year	128	10
Amounts written off	<u>(4)</u>	<u>(56)</u>
Closing balance	<u>160</u>	<u>36</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 nil (2015: \$1,000) 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.

**NOTE 8: INVENTORIES**

**Current**

Finished goods	12,244	12,625
Stock in transit	<u>1,466</u>	<u>3,084</u>
	13,710	15,709
Provision for obsolescence (a)	<u>(768)</u>	<u>(803)</u>
	<u>12,942</u>	<u>14,906</u>

(a) Movement in the provision for obsolescence is as follows:

Opening balance	803	1,085
Charge for the year	637	422
Amounts written off	<u>(672)</u>	<u>(704)</u>
Closing balance	<u>768</u>	<u>803</u>

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
**ACN 079 080 158**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 9: CONTROLLED ENTITIES**

Entity	Country of Incorporation	Percentage Owned	
		2016	2015
<b>Parent Entity</b>			
- Ambertech Limited	Australia		
<b>Subsidiaries of Ambertech Limited</b>			
- Amber Technology Limited	Australia	100%	100%
<b>Subsidiaries of Amber Technology Limited</b>			
- Alphan Pty Limited	Australia	100%	100%
- Amber Technology (NZ) Limited	New Zealand	100%	100%

**NOTE 10: PLANT AND EQUIPMENT**

**Non-Current**

	Cost		Accumulated depreciation		Net carrying amount	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Economic Entity</b>						
Plant and equipment	1,247	1,242	(1,098)	(1,076)	149	166
Furniture and fittings	484	483	(382)	(348)	102	135
Leasehold improvements	1,412	1,412	(600)	(454)	812	958
Leased plant and equipment	171	170	(81)	(64)	90	106
Total plant and equipment	<u>3,314</u>	<u>3,307</u>	<u>(2,161)</u>	<u>(1,942)</u>	<u>1,153</u>	<u>1,365</u>

**Reconciliation of carrying amounts:**

	Plant and equipment \$'000	Furniture and fittings \$'000	Leasehold improvements \$'000	Leased plant and equipment \$'000	Total \$'000
<b>2016</b>					
Balance at the beginning of the year	166	135	958	106	1,365
Additions	45	-	-	-	45
Disposals	-	-	-	-	-
Depreciation and amortisation expense	<u>(62)</u>	<u>(33)</u>	<u>(146)</u>	<u>(16)</u>	<u>(257)</u>
Carrying amount at the end of the year	<u>149</u>	<u>102</u>	<u>812</u>	<u>90</u>	<u>1,153</u>
<b>2015</b>					
Balance at the beginning of the year	177	172	1,105	121	1,575
Additions	61	-	-	-	61
Disposals	(1)	-	-	-	(1)
Depreciation and amortisation expense	<u>(71)</u>	<u>(37)</u>	<u>(147)</u>	<u>(15)</u>	<u>(270)</u>
Carrying amount at the end of the year	<u>166</u>	<u>135</u>	<u>958</u>	<u>106</u>	<u>1,365</u>

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
**ACN 079 080 158**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

		Economic Entity	
		2016	2015
		\$'000	\$'000
<b>NOTE 11: INTANGIBLE ASSETS</b>			
<b>Non-Current</b>			
Goodwill at cost		2,970	2,970
Less impairment		<u>(2,970)</u>	<u>(2,970)</u>
		-	-
Website at cost		173	173
Less accumulated amortisation		<u>(166)</u>	<u>(157)</u>
		<u>7</u>	<u>16</u>
		<u>7</u>	<u>16</u>
<b>Reconciliation of written down values:</b>			
	<b>Goodwill</b>	<b>Website</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance at 1 July 2015	-	16	16
Additions	-	-	-
Impairment	-	-	-
Amortisation expense	<u>-</u>	<u>(9)</u>	<u>(9)</u>
Closing balance at 30 June 2016	<u>-</u>	<u>7</u>	<u>7</u>
<b>NOTE 12: TRADE AND OTHER PAYABLES</b>			
<b>Current</b>			
Trade accounts payable		5,569	6,839
Other accounts payable		<u>2,565</u>	<u>2,274</u>
		<u>8,134</u>	<u>9,113</u>
<b>Amounts payable in foreign currencies:</b>			
Trade accounts payable:			
- US Dollars		2,078	4,154
- British Pounds		78	51
- Euro		706	858
- Swiss Francs		572	354
- Japanese Yen		-	1
- New Zealand Dollars		<u>324</u>	<u>436</u>
		<u>3,758</u>	<u>5,854</u>
<b>NOTE 13: OTHER FINANCIAL LIABILITIES</b>			
<b>Current</b>			
Debtor Finance (a)		3,511	4,325
Lease Liability (b)		23	38
Bills Payable		<u>-</u>	<u>356</u>
		<u>3,534</u>	<u>4,719</u>
<b>Non Current</b>			
Lease Liability (b)		<u>-</u>	<u>23</u>

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
**ACN 079 080 158**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 13: OTHER FINANCIAL LIABILITIES continued**

Details of the economic entity's exposure to interest rate changes on other financial liabilities is outlined in note 24. The fair value of the financial liabilities approximates their carrying value.

(a) Debtor finance

On 16 November 2015, the economic entity signed a new two year agreement with Scottish Pacific Business Finance formerly Bibby Financial Services. This new agreement is an invoice discounting solution with approval up to \$6.5M for Amber Technology Ltd and \$0.8M for Amber Technology (NZ) Ltd.

The economic entity breached a covenant in relation to the facility during the year. The breach has been set aside by the lender with ongoing monitoring of the facility.

(b) Lease liability

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

<b>Economic Entity</b>	
<b>2016</b>	<b>2015</b>
<b>\$'000</b>	<b>\$'000</b>

**NOTE 14: PROVISIONS**

**Current**

Service warranty	158	247
Employee benefits	1,422	1,358
	<u>1,580</u>	<u>1,605</u>

**Non Current**

Employee benefits	200	278
	<u>200</u>	<u>278</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) Movements in provisions

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

	<b>Service warranty \$'000</b>
Opening balance at 1 July 2015	247
Additional provision recognised	321
Reductions resulting from payments	(410)
Closing balance at 30 June 2016	<u>158</u>

(c) Amounts not expected to be settled within the next twelve months:

The current provisions for annual leave and long service leave include all unconditional entitlements where employees have completed the required period of service. The entire amount is presented as current, since the economic entity does not have an unconditional right to defer settlement. However, based on past experience, the economic entity does not expect all employees to take the full amount of accrued leave or require payment within the next twelve months.

The following amounts reflect leave that is not expected to be taken within the next twelve months:

Current annual leave obligation expected to be settled after 12 months	<u>249</u>	<u>244</u>
Current long service leave obligation expected to be settled after 12 months	<u>378</u>	<u>380</u>



**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
**ACN 079 080 158**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 15: SHARE CAPITAL**

	Economic Entity		Economic Entity	
	2016 Shares	2015 Shares	2016 \$'000	2015 \$'000
Ordinary Shares fully paid (no par value)	<u>30,573,181</u>	<u>30,573,181</u>	<u>11,138</u>	<u>11,138</u>
Details		No of shares		\$'000
Balance 30 June 2015		30,573,181		11,138
Shares bought back		-		-
Balance 30 June 2016		<u>30,573,181</u>		<u>11,138</u>

**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.

**NOTE 16: RESERVES**

Foreign currency translation reserve (a)		<u>31</u>	<u>(33)</u>
		<u>31</u>	<u>(33)</u>

For an explanation of movements in reserve accounts refer to the 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(r). The reserve is recognised in profit and loss when the net investment is disposed of.

(b) Option reserve

The option reserve is used to recognise the fair value of options issued but not exercised. There are no options on issue for the year ended 30 June 2016 (2015: nil).

**NOTE 17: CAPITAL & LEASING COMMITMENTS**

(a) Operating lease commitments

Payable:

Not later than 1 year		1,463	1,431
Later than 1 year but not later than 5 years		7,351	7,227
Later than 5 years		860	2,422
Minimum lease payments		<u>9,674</u>	<u>11,080</u>

(a) The Warriewood property lease is a non-cancellable lease ending on 13 January 2023, 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 at 3.75% per annum.

(b) The economic entity had no commitments for capital expenditure as at 30 June 2016 (2015: Nil)

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
**ACN 079 080 158**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	Economic Entity	
	2016	2015
	\$'000	\$'000
<b>NOTE 18: CONTINGENT LIABILITIES</b>		
Estimates of the maximum amounts of contingent liabilities that may become payable:		
- Bank guarantees by Amber Technology Limited in respect of various property leases	638	638
	<u>638</u>	<u>638</u>

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

**NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE**

Subsequent to year end, the economic entity secured a \$4.08M forward exchange contract facility with American Express FX International Payments. The facility will be used for payment of foreign currency payables and to assist in managing the economic entity's foreign currency risk. There were no other matters that have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations or 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	
	2016	2015
	\$	\$
<b>Summary</b>		
- Short term employee benefits	1,184,049	1,120,661
- Post employment benefits	163,961	155,725
- Long term employee benefits	(2,444)	(20,639)
	<u>1,345,566</u>	<u>1,255,747</u>

**NOTE 21: SHARE BASED PAYMENT ARRANGEMENTS**

The Board may determine the executives and eligible employees who are entitled to participate. There are no options on issue for the year ended 30 June 2016 (2015: nil).

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
**ACN 079 080 158**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**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

2016	Professional \$'000	Lifestyle Entertainment \$'000	New Zealand \$'000	Eliminations \$'000	Economic Entity \$'000
<b>Revenue</b>					
- Total segment revenue	22,722	28,563	3,379	-	54,664
- Inter-segment revenue	9	154	20	(183)	-
Revenue from external customers	<u>22,731</u>	<u>28,717</u>	<u>3,399</u>	<u>(183)</u>	<u>54,664</u>
<b>Result</b>					
- Segment EBIT	499	977	(256)	-	1,220
- Unallocated / corporate result					(136)
- EBIT					1,084
- Interest revenue					17
- Interest and finance costs					(865)
- Profit before income tax					236
- Income tax expense					1
- profit for the year					<u>237</u>
<b>Assets</b>					
- Segment Assets	<u>7,609</u>	<u>13,435</u>	<u>1,842</u>	<u>-</u>	22,886
- Unallocated/corporate assets					1,422
- Total assets					<u>24,308</u>
<b>Liabilities</b>					
- Segment Liabilities	<u>4,975</u>	<u>3,383</u>	<u>797</u>	<u>-</u>	9,155
- Unallocated/corporate liabilities					4,313
- Total liabilities					<u>13,468</u>
<b>Other</b>					
- Acquisition of non current segment assets	18	27	-	-	45
					<u>45</u>
- Depreciation and amortisation of segment assets	106	158	2	-	266
					<u>266</u>

AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22: SEGMENT REPORTING (continued)

2015	Professional \$'000	Lifestyle Entertainment \$'000	New Zealand \$'000	Eliminations \$'000	Economic Entity \$'000
<b>Revenue</b>					
- Total segment revenue	20,111	26,196	3,828	-	50,135
- Inter-segment revenue	19	106	102	(227)	-
Revenue from external customers	<u>20,130</u>	<u>26,302</u>	<u>3,930</u>	<u>(227)</u>	<u>50,135</u>
<b>Result</b>					
- Segment EBIT	207	(201)	142	-	148
- Unallocated / corporate result					<u>240</u>
- EBIT					388
- Interest revenue					22
- Interest and finance costs					<u>(829)</u>
- Loss before income tax					(419)
- Income tax expense					<u>(1,235)</u>
- Loss for the year					<u>(1,654)</u>
<b>Assets</b>					
- Segment Assets	<u>7,527</u>	<u>14,035</u>	<u>1,972</u>	-	23,534
- Unallocated/corporate assets					<u>2,746</u>
- Total assets					<u>26,280</u>
<b>Liabilities</b>					
- Segment Liabilities	<u>3,251</u>	<u>5,473</u>	<u>1,069</u>	-	9,793
- Unallocated/corporate liabilities					<u>5,948</u>
- Total liabilities					<u>15,741</u>
<b>Other</b>					
- Acquisition of non current segment assets	22	33	6	-	<u>61</u>
					<u>61</u>
- Depreciation and amortisation of segment assets	109	164	6	-	<u>279</u>
					<u>279</u>

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
**ACN 079 080 158**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 22: SEGMENT REPORTING (continued)**

(c) Segment information on geographical region

Geographical Location	Segment Revenues from Sales to External Customers		Carrying Amount of Segment Non Current Assets		Acquisition of Non- Current Assets	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
- Australia	51,285	46,307	1,154	1,373	45	55
- New Zealand	3,379	3,828	6	8	-	6
	<u>54,664</u>	<u>50,135</u>	<u>1,160</u>	<u>1,381</u>	<u>45</u>	<u>61</u>

(i) Carrying amount of segment non current assets

These amounts include all non current assets other than deferred tax assets located in the country of domicile.

(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 and goodwill. 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.

(iii) Major Customers

During the year ended 30 June 2016, \$7,535,289 or 14% (2015: \$6,373,623 or 13%) of the consolidated entity's external revenue was derived from sales to a major Australian retailer through the Lifestyle Entertainment segment.

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
**ACN 079 080 158**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Economic Entity	
2016	2015
\$'000	\$'000

**NOTE 23: CASH FLOW INFORMATION**

**(i) Cash and cash equivalents**

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

Cash on hand	3	3
At call deposits with financial institutions	945	1,518
	<u>948</u>	<u>1,521</u>

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

Profit/(loss) for the year	237	(1,654)
Depreciation and amortisation	266	279
Net loss on disposal of plant and equipment	-	1
Foreign exchange (gain)/loss	(77)	156
Impairment expense	128	29
Changes in operating assets and liabilities		
(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	1	10
(Decrease)/increase in trade and other payables	(932)	699
(Decrease) in provisions	(114)	(56)
(Increase)/decrease in deferred taxes	(11)	1,235
Net cash provided by operating activities	<u>719</u>	<u>367</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 between 30 and 60 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.

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
**ACN 079 080 158**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	Economic Entity	
	2016	2015
	\$'000	\$'000
<b>NOTE 24: FINANCIAL RISK MANAGEMENT (continued)</b>		
The ageing of trade receivables at the reporting date was:		
Not past due	4,790	3,958
Past due up to 30 days	2,628	2,753
Past due 31-60 days	358	451
Past due 61 days and over	121	1
Total trade receivables not impaired	<u>7,897</u>	<u>7,163</u>
Trade receivables impaired	160	36
Total trade receivables	<u>8,057</u>	<u>7,199</u>

The economic entity does not have other receivables which are past due (2015: 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 finance 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 finance facilities.

The economic entity monitors liquidity risk by maintaining adequate cash reserves and financing 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			
	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
2016				
<b>Financial liabilities due for payment</b>				
Trade and other payables	5,569	-	-	5,569
Debtor Finance	3,782	-	-	3,782
Lease Liability	24	-	-	24
Total expected outflows	<u>9,375</u>	<u>-</u>	<u>-</u>	<u>9,375</u>
<b>Financial assets - cash flows realisable</b>				
Cash and cash equivalents	948	-	-	948
Trade receivables	7,897	-	-	7,897
Total anticipated inflows	<u>8,845</u>	<u>-</u>	<u>-</u>	<u>8,845</u>
Net (outflow) on financial instruments	<u>(530)</u>	<u>-</u>	<u>-</u>	<u>(530)</u>



**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
**ACN 079 080 158**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 24: FINANCIAL RISK MANAGEMENT (continued)**

	Contractual Cash Flows			
	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
2015				
<b>Financial liabilities due for payment</b>				
Trade and other payables	6,839	-	-	6,839
Debtor Finance	4,671	-	-	4,671
Commercial Bills	383	-	-	383
Lease Liability	42	24	-	66
Total expected outflows	<u>11,935</u>	<u>24</u>	<u>-</u>	<u>11,959</u>
<b>Financial assets - cash flows realisable</b>				
Cash and cash equivalents	1,521	-	-	1,521
Trade receivables	7,163	-	-	7,163
Total anticipated inflows	<u>8,684</u>	<u>-</u>	<u>-</u>	<u>8,684</u>
Net (outflow) on financial instruments	<u>(3,251)</u>	<u>(24)</u>	<u>-</u>	<u>(3,275)</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.

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short term nature.

The fair value of debtor finance and lease liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

**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 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%	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Impact on profit/(loss)	<u>(418)</u>	<u>(650)</u>	<u>342</u>	<u>532</u>
Impact on equity	<u>(418)</u>	<u>(650)</u>	<u>342</u>	<u>532</u>

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
**ACN 079 080 158**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 24: FINANCIAL RISK MANAGEMENT (continued)**

Interest Rate Risk

The economic entity has a debtor financing facility. 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	
		2016	2015	2016	2015
		%	%	\$'000	\$'000
Commercial Bills	13	-	7.54%	-	356
Debtor Finance	13	7.72%	8.00%	3,511	4,325

The following table demonstrates the impact on the profit and equity of the economic entity if the average interest rate on the borrowing facility had either increased or decreased by 1%, which management consider to be reasonably possible over the whole year ending 30 June 2016, with all other variables remaining constant:

	Increase of 1% of average interest rate		Decrease of 1% of average interest rate	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Impact on profit/(loss)	(35)	(49)	35	49
Impact on equity	(35)	(49)	35	49

**Net Fair Values**

The net fair values of assets and liabilities approximate 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. Dividends paid for the year ended 30 June 2016 were nil (2015: nil).

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

AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Economic Entity	
	2016	2015
<b>NOTE 25: EARNINGS PER SHARE</b>		
<b>Basic earnings per share (cents)</b>	0.8	(5.4)
Weighted average number of ordinary shares (number)	<u>30,573,181</u>	<u>30,573,181</u>
Earnings used to calculate basic earnings per share (\$)	<u>237,000</u>	<u>(1,654,000)</u>
<b>Diluted earnings per share (cents)</b>	0.8	(5.4)
Weighted average number of ordinary shares (number)	<u>30,573,181</u>	<u>30,573,181</u>
Earnings used to calculate diluted earnings per share (\$)	<u>237,000</u>	<u>(1,654,000)</u>
<b>NOTE 26: DIVIDEND FRANKING CREDITS</b>		
Tax rate	30%	30%
Amount of franking credits available for subsequent reporting periods (\$'000)	<u>6,139</u>	<u>6,139</u>
<b>NOTE 27: AUDITORS' REMUNERATION</b>		
During the year the following fees were paid or payable for services provided by the auditor of the parent and its related practices:		
<b>Audit services</b>		
BDO East Coast Partnership	\$	\$
Audit and review of financial reports, and other work under the Corporations Act 2001.	111,500	101,975
Other practices - BDO Auckland (Formerly PKF)		
Audit or review of financial reports of subsidiary	<u>-</u>	<u>12,485</u>
Total remuneration for audit services	<u>111,500</u>	<u>114,460</u>
<b>Non-audit services</b>		
BDO East Coast Partnership		
Tax compliance services, including review of company income tax returns	26,299	16,900
Other practices - BDO Auckland (Formerly PKF)		
Tax compliance services, including review of company income tax returns	<u>2,193</u>	<u>6,552</u>
Total remuneration for non-audit services	<u>28,492</u>	<u>23,452</u>

It is the economic entity's policy to employ BDO on assignments additional to their statutory audit duties where BDO's expertise and experience with the economic entity are important. These assignments are principally tax compliance assignments.

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
**ACN 079 080 158**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Parent Entity</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>NOTE 28: PARENT ENTITY INFORMATION</b>		
Information relating to Ambertech Limited (parent entity):		
- Current Assets	11,045	11,045
- Total Assets	15,602	15,602
- Current Liabilities	1,462	1,462
- Total Liabilities	1,462	1,462
- Share capital	11,138	11,138
- Retained earnings	<u>3,002</u>	<u>2,999</u>
Profit of the parent entity	-	3
Total comprehensive income of the parent entity	<u>-</u>	<u>3</u>

**Contingent Liabilities**

The parent entity had no contingent liabilities as at 30 June 2016 (2015: Nil).

**Capital Commitments**

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2016 (2015: Nil)

**Significant Accounting Policies**

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1.

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**

**ACN 079 080 158**

**DIRECTORS' DECLARATION**

---

The directors of the company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards and the *Corporations Regulations 2001* ; and
  - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date.
2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The directors have been given the declarations by the chief executive officer and chief operating officer required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to section 295(5)(a) of the *Corporations Act 2001*, and is signed for and on behalf of the directors by:



---

P F Wallace  
**Director**



---

P A Amos  
**Director**

Dated this 23rd day of September 2016.

Sydney