



# Ambertech Limited and Controlled Entities ACN 079 080 158

---

## APPENDIX 4E – PRELIMINARY FINAL REPORT

Year Ended 30 June 2017

For Immediate Release 29 August 2017

**Results for Announcement** to the Market  
**Further Explanation** of the Results  
**Outlook** for the business





## Results for Announcement to the Market

For the year ended 30 June 2017

### Key Information

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

|  | 2017<br>\$'000 | 2016<br>\$'000 | Movement (Down) |         |
|--|----------------|----------------|-----------------|---------|
|  |                |                | \$'000          | %       |
| <b>Revenue</b> from ordinary activities                                      | 48,176         | 54,681         | (6,505)         | (11.9)  |
| <b>(Loss)/Profit after income tax</b> for the period attributable to members | (633)          | 237            | (870)           | (367.1) |

### Dividends

The Board has announced that no final dividend will be paid in respect of the year ended 30 June 2017.

### Dividend History

There were no dividends paid or declared during the year ended 30 June 2017.

|   | 2017  | 2016  |
|---|-------|-------|
| <b>Net Tangible Assets</b> per security | 29.5c | 31.7c |

**Further Explanation** of the results follows in the attached commentary.



**Consolidated Statement** of Profit or Loss and Other Comprehensive Income  
For the year ended 30 June 2017

|  | 2017<br>\$'000 | 2016<br>\$'000 |
|--|----------------|----------------|
| <b>Revenue</b>   | 48,176         | 54,681         |
| Cost of sales  | (32,721)       | (38,337)       |
| <b>Gross profit</b>  | <b>15,455</b>  | <b>16,344</b>  |
| Other income   | 94             | 87             |
| Employee benefits expense                                      | (9,110)        | (8,910)        |
| Distribution costs   | (1,558)        | (1,298)        |
| Marketing costs  | (1,306)        | (1,481)        |
| Premises costs   | (1,984)        | (1,992)        |
| Depreciation and amortisation expenses                         | (259)          | (266)          |
| Finance costs  | (686)          | (865)          |
| Travel costs   | (465)          | (486)          |
| Other costs  | (844)          | (897)          |
| <b>(Loss)/Profit before income tax expense</b>                 | <b>(663)</b>   | <b>236</b>     |
| Income tax benefit   | 30             | 1              |
| <b>(Loss)/Profit for the year</b>                              | <b>(633)</b>   | <b>237</b>     |
| <b>Other comprehensive income</b>                              |                |                |
| Items that may be reclassified subsequently to profit or loss: |                |                |
| Exchange differences on translation of foreign operations      | 1              | 64             |
| <b>Total comprehensive income for the year</b>                 | <b>(632)</b>   | <b>301</b>     |
| <b>Earnings per share</b>                                      |                |                |
| Basic earnings per share (cents)                               | (2.1)          | 0.8            |
| Diluted earnings per share (cents)                             | (2.1)          | 0.8            |

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





**Consolidated Statement** of Financial Position  
As at 30 June 2017

|                                      | 2017<br>\$'000 | 2016<br>\$'000 |
|--------------------------------------|----------------|----------------|
| <b><u>ASSETS</u></b>                 |                |                |
| <b>CURRENT ASSETS</b>                |                |                |
| Cash and cash equivalents            | 1,014          | 948            |
| Trade and other receivables          | 7,728          | 8,084          |
| Inventories                          | 12,045         | 12,942         |
| <b>TOTAL CURRENT ASSETS</b>          | <b>20,787</b>  | <b>21,974</b>  |
| <b>NON-CURRENT ASSETS</b>            |                |                |
| Plant and equipment                  | 987            | 1,153          |
| Intangible assets                    | -              | 7              |
| Deferred tax assets                  | 1,202          | 1,174          |
| <b>TOTAL NON-CURRENT ASSETS</b>      | <b>2,189</b>   | <b>2,334</b>   |
| <b>TOTAL ASSETS</b>                  | <b>22,976</b>  | <b>24,308</b>  |
| <b><u>LIABILITIES</u></b>            |                |                |
| <b>CURRENT LIABILITIES</b>           |                |                |
| Trade and other payables             | 6,600          | 8,134          |
| Other financial liabilities          | 4,393          | 3,534          |
| Provisions                           | 1,614          | 1,580          |
| <b>TOTAL CURRENT LIABILITIES</b>     | <b>12,607</b>  | <b>13,248</b>  |
| <b>NON-CURRENT LIABILITIES</b>       |                |                |
| Provisions                           | 143            | 200            |
| Deferred tax liabilities             | 18             | 20             |
| <b>TOTAL NON-CURRENT LIABILITIES</b> | <b>161</b>     | <b>220</b>     |
| <b>TOTAL LIABILITIES</b>             | <b>12,768</b>  | <b>13,468</b>  |
| <b>NET ASSETS</b>                    | <b>10,208</b>  | <b>10,840</b>  |
| <b><u>EQUITY</u></b>                 |                |                |
| Share capital                        | 11,138         | 11,138         |
| Reserves                             | 32             | 31             |
| Accumulated losses                   | (962)          | (329)          |
| <b>TOTAL EQUITY</b>                  | <b>10,208</b>  | <b>10,840</b>  |

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





**Consolidated Statement** of Changes in Equity  
For the year ended 30 June 2017

|  | Share Capital<br>\$'000 | Foreign<br>Currency<br>Translation<br>Reserve<br>\$'000 | Retained<br>Earnings<br>\$'000 | Total Equity<br>\$'000 |
|--|-------------------------|---|--------------------------------|------------------------|
| <b>Balance as at 30 June 2015</b>        | <b>11,138</b>           | <b>(33)</b>   | <b>(566)</b>                   | <b>10,539</b>          |
| Loss for the year                        | -                       | -   | 237                            | 237                    |
| Other comprehensive income for the year  | -                       | 64  | -                              | 64                     |
| Total comprehensive income for the year  | -                       | 64  | 237                            | 301                    |
| <b>Transactions with equity holders:</b> |                         |   |                                |                        |
| Costs of share based payments            | -                       | -   | -                              | -                      |
| <b>Balance as at 30 June 2016</b>        | <b>11,138</b>           | <b>31</b>   | <b>(329)</b>                   | <b>10,840</b>          |
| Loss for the year                        | -                       | -   | (633)                          | (633)                  |
| Other comprehensive income for the year  | -                       | 1   | -                              | 1                      |
| Total comprehensive income for the year  | -                       | 1   | (633)                          | (632)                  |
| <b>Transactions with equity holders:</b> |                         |   |                                |                        |
| Costs of share based payments            | -                       | -   | -                              | -                      |
| <b>Balance as at 30 June 2017</b>        | <b>11,138</b>           | <b>32</b>   | <b>(962)</b>                   | <b>10,208</b>          |





**Consolidated statement** of Cash Flows  
For the year ended 30 June 2017

|   | 2017<br>\$'000 | 2016<br>\$'000 |
|---|----------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                |                |
| Receipts from customers   | 52,979         | 58,891         |
| Payments to suppliers and employees   | (49,350)       | (53,177)       |
| Interest received   | 18             | 17             |
| Interest and other costs of finance paid  | (686)          | (865)          |
| Income taxes refunded   | -              | 1              |
| Net goods and services tax remitted   | (3,669)        | (4,148)        |
| <b>Net cash (used in)/provided by operating activities</b>  | <b>(708)</b>   | <b>719</b>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                |                |
| Payments for plant and equipment  | (85)           | (45)           |
| <b>Net cash (used in) investing activities</b>  | <b>(85)</b>    | <b>(45)</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                |                |
| Proceeds from borrowings  | 893            | 368            |
| Repayment of borrowings   | (34)           | (1,600)        |
| <b>Net cash provided by/(used in) financing activities</b>  | <b>859</b>     | <b>(1,232)</b> |
| Net increase/(decrease) in cash and cash equivalents held   | 66             | (558)          |
| Cash and cash equivalents at beginning of year  | 948            | 1,521          |
| Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies at the beginning of the financial year | -              | (15)           |
| <b>Cash and cash equivalents at end of year</b>   | <b>1,014</b>   | <b>948</b>     |

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





## Notes to the Consolidated Financial Statements

### 1. Basis of Preparation

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

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

Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public pronouncements made by the consolidated entity during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001. Accounting policies have been consistently applied by the entities in the group, and are consistent with those applied in the 30 June 2016 annual report.

|  | 2017<br>\$'000 | 2016<br>\$'000 |
|--|----------------|----------------|
| <b>2. Revenue</b>                                |                |                |
| Sale of goods and services                       | 48,158         | 54,664         |
| Interest received                                | 18             | 17             |
| <b>Total</b>                                     | <b>48,176</b>  | <b>54,681</b>  |
| <b>3. Expenses</b>                               |                |                |
| Additional information on the nature of expenses |                |                |
| <b>Inventories</b>                               |                |                |
| Cost of sales                                    | 32,721         | 38,337         |
| Movement in provision for inventory obsolescence | 131            | (35)           |
| <b>Employee benefits expense</b>                 |                |                |
| Salaries and wages                               | 8,779          | 8,753          |
| Employee termination expense                     | 331            | 157            |
|  | <b>9,110</b>   | <b>8,910</b>   |
| <b>Depreciation and amortization</b>             |                |                |
| Plant and equipment                              | 61             | 62             |
| Furniture and fittings                           | 31             | 33             |
| Leasehold improvements                           | 144            | 146            |
| Leased plant and equipment                       | 16             | 16             |
| Website costs                                    | 7              | 9              |
|  | <b>259</b>     | <b>266</b>     |
| <b>Bad and doubtful debts</b>                    | <b>32</b>      | <b>128</b>     |
| <b>Rental expense on operating leases</b>        |                |                |
| Minimum lease payments                           | 1,463          | 1,431          |



## Notes to the Consolidated Financial Statements

|  | 2017<br>\$'000 | 2016<br>\$'000 |
|--|----------------|----------------|
|--|----------------|----------------|

### 4. Cash Flow Information

#### (i) Cash and cash equivalents

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

|  |              |            |
|--|--------------|------------|
| Cash on hand                                 | 4            | 3          |
| At call deposits with financial institutions | 1,010        | 945        |
| <b>Total cash and cash equivalents</b>       | <b>1,014</b> | <b>948</b> |

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

|  |              |            |
|--|--------------|------------|
| <b>(Loss)/Profit for the year</b>                          | <b>(633)</b> | <b>237</b> |
| Adjustments for:   |              |            |
| Depreciation and amortization                              | 259          | 266        |
| Net profit on disposal of plant and equipment              | (1)          | -          |
| Foreign exchange (gain)                                    | (83)         | (87)       |
| Changes in operating assets and liabilities                |              |            |
| Decrease/(increase) in trade and other receivables         | 485          | (723)      |
| (Increase)/decrease in prepayments                         | (23)         | 18         |
| Decrease in inventories                                    | 896          | 2,054      |
| (Increase) in deferred taxes                               | (30)         | (1)        |
| (Decrease) in payables                                     | (1,555)      | (931)      |
| (Decrease) in provisions                                   | (23)         | (114)      |
| <b>Net cash (used in)/provided by operating activities</b> | <b>(708)</b> | <b>719</b> |

#### (iii) Non Cash Financing and Investing Activities

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





## Notes to the Consolidated Financial Statements

|  | 2017         | 2016       |
|--|--------------|------------|
| <b>5. Earnings Per Share</b>                                   |              |            |
| <b>Basic earnings per share (cents)</b>                        | <b>(2.1)</b> | <b>0.8</b> |
| Weighted average number of ordinary shares (number)            | 30,573,181   | 30,573,181 |
| Earnings used to calculate basic earnings per share (\$,000)   | (633)        | 237        |
| <b>Diluted earnings per share (cents)</b>                      | <b>(2.1)</b> | <b>0.8</b> |
| Weighted average number of ordinary shares (number)            | 30,573,181   | 30,573,181 |
| Earnings used to calculate diluted earnings per share (\$,000) | (633)        | 237        |



## Further Explanation of the results

For the year ended 30 June 2017

### Result for the year

|  | 2017<br>\$'000 | 2016<br>\$'000 | Change<br>(down)<br>% |
|--|----------------|----------------|-----------------------|
| EBIT                                   | 5              | 1,084          | (99.5)                |
| Net finance costs                      | (668)          | (848)          |                       |
| <b>(Loss)/Profit before income tax</b> | <b>(663)</b>   | <b>236</b>     | <b>(381)</b>          |
| Income tax income                      | 30             | 1              |                       |
| <b>(Loss)/Profit for the year</b>      | <b>(633)</b>   | <b>237</b>     | <b>(367)</b>          |

The result for the 2017 financial year was a departure from the recent trend of improved EBIT and profit performance. With a reduction in revenue for the year of approx. \$6.5M the business reported a loss after tax of \$633,000 for the year. Despite these results. The Board believe that the underlying results of the business continue to be on a growth path.

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

### Segment Results

|                             | Lifestyle Entertainment |                |                       | Professional   |                |                       | New Zealand    |                |              |
|-----------------------------|-------------------------|----------------|-----------------------|----------------|----------------|-----------------------|----------------|----------------|--------------|
|                             | 2017<br>\$'000          | 2016<br>\$'000 | Change<br>(down)<br>% | 2017<br>\$'000 | 2016<br>\$'000 | Change<br>(down)<br>% | 2017<br>\$'000 | 2016<br>\$'000 | Change<br>up |
| Sales to external customers | 25,663                  | 28,563         | (10.2)                | 18,897         | 22,722         | (16.8)                | 3,598          | 3,379          | 6.5          |
| Segment EBIT                | 208                     | 977            | (78.7)                | (44)           | 499            | (108.8)               | (143)          | (256)          | 44.1         |

### Lifestyle Entertainment

Our Lifestyle Entertainment group reported a reduced EBIT result despite our ongoing successes with products sold into the major retail market. Whilst revenue derived from sales to the major retailers remained strong, our dealer channel in the residential installation market experienced difficult trading conditions. These conditions would appear to be influenced by concerns over domestic housing prices, historically low household disposable income and concerns over international politics.

Whilst the residential installation market was difficult, we are seeing some gains from our introduction of new brands into the commercial installation market and we are confident of further growth in this area in coming reporting periods.





### **Professional Segment**

Results from our Professional Segment were impacted by reduced sales activity in our media systems group. Projects expected to be completed with a major broadcaster were put on hold and this deferred any revenue and profits from these projects into future reporting periods. Management continues to focus on growth areas including law enforcement, defence and mining with communications systems.

The professional products area continues to be a consistent performer. We have recently added new brands into this group which will drive growth in future periods.

### **New Zealand**

Ambertech's New Zealand operation continues to be refined in order to return this group to profits. We are beginning to see success from increased support from the Australian sales team in an effort to win back project based business where market share has been lost. Additionally, we continue to review operations for opportunities to reduce costs and achieve improved business efficiency.

## **Outlook** for the business

The Board of Ambertech ("the Board") and senior management continue to adapt and improve on the strategy for growth in place for the business. The 2017/18 financial year has begun well, with a strong forward order book likely to drive results for the first half. At this early stage the Board is unable to provide guidance on potential results with any certainty, although we expect to be able to update investors by the time of holding the company's AGM in November.

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

**On behalf** of the Board of Ambertech Limited

### **Robert Glasson**

COO, Company Secretary  
Sydney, 29 August 2017

