



Ambertech Limited and Controlled Entities

ACN 079 080 158

Appendix 4E – Preliminary Final Report

Year Ended 30 June 2014

For Immediate Release 29 August 2014

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 2014

Key Information

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

	2014 \$'000	2013 \$'000	Movement Up/(Down) \$'000	%
Revenue from ordinary activities	48,281	54,451	(6,170)	(11.3)
Loss after income tax for the period attributable to members	(1,000)	(2,162)	1,162	53.7

Dividends

The Board has announced that no final dividend will be paid in respect of the year ended 30 June 2014.

Dividend History

There were no dividends paid or declared during the year ended 30 June 2014.

	2014	2013
Net Tangible Assets per security	32.1c	35.0c

Further Explanation of the results follows in the attached commentary.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2014 \$'000	2013 \$'000
Revenue	48,281	54,451
Cost of sales	(34,095)	(41,828)
Gross profit	14,186	12,623
Other income	144	12
Employee benefits expense	(8,512)	(9,060)
Distribution costs	(1,568)	(1,328)
Marketing costs	(1,195)	(1,348)
Premises costs	(1,895)	(1,926)
Depreciation and amortisation expenses	(285)	(350)
Finance costs	(459)	(424)
Travel costs	(576)	(555)
Other costs	(840)	(849)
Loss before income tax expense	(1,000)	(3,205)
Income tax benefit	-	993
Loss for the year	(1,000)	(2,212)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	82	63
Total comprehensive income for the year	(918)	(2,149)
Earnings per share		
Basic earnings per share (cents)	(3.3)	(7.2)
Diluted earnings per share (cents)	(3.3)	(7.2)

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

	2014	2013
	\$'000	\$'000
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	511	2,843
Trade and other receivables	8,242	8,935
Current tax assets	11	10
Inventories	13,760	12,835
TOTAL CURRENT ASSETS	22,524	24,623
NON-CURRENT ASSETS		
Plant and equipment	1,576	1,794
Intangible assets	25	40
Deferred tax assets	2,387	2,421
TOTAL NON-CURRENT ASSETS	3,988	4,255
TOTAL ASSETS	26,512	28,878
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Trade and other payables	8,260	9,983
Other financial liabilities	4,007	3,844
Provisions	1,706	1,454
TOTAL CURRENT LIABILITIES	13,973	15,281
NON-CURRENT LIABILITIES		
Other financial liabilities	58	91
Provisions	240	299
Deferred tax liabilities	2	50
TOTAL NON-CURRENT LIABILITIES	300	440
TOTAL LIABILITIES	14,273	15,721
NET ASSETS	12,239	13,157
<u>EQUITY</u>		
Share capital	11,138	11,138
Reserves	13	(69)
Retained earnings	1,088	2,088
TOTAL EQUITY	12,239	13,157

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

Consolidated Statement of Changes in Equity

	Share Capital \$'000	Option Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Economic Entity					
Balance as at 30 June 2012	11,138	14	(132)	4,285	15,305
Loss for the year	-	-	-	(2,212)	(2,212)
Other comprehensive income for the year	-	-	63	-	63
Total comprehensive income for the year	-	-	63	(2,212)	(2,149)
Transactions with equity holders:					
Costs of share based payments	-	(14)	-	15	1
Balance as at 30 June 2013	11,138	-	(69)	2,088	13,157
Loss for the year	-	-	-	(1,000)	(1,000)
Other comprehensive income for the year	-	-	82	-	82
Total comprehensive income for the year	-	-	82	(1,000)	(918)
Transactions with equity holders:					
Costs of share based payments	-	-	-	-	-
Balance as at 30 June 2014	11,138	-	13	1,088	12,239

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

Consolidated statement of Cash Flows

	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	53,775	57,766
Payments to suppliers and employees	(52,140)	(53,221)
Interest received	25	34
Interest and other costs of finance paid	(458)	(424)
Income taxes refunded	-	124
Net goods and services tax remitted	(3,562)	(4,131)
Net cash (used in)/provided by operating activities	(2,360)	148
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(50)	(137)
Payments for intangible assets - website	-	(35)
Net cash (used in) investing activities	(50)	(172)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	133	404
Repayment of borrowings	(33)	(30)
Net cash provided by financing activities	100	374
Net increase/(decrease) in cash and cash equivalents held	(2,310)	350
Cash and cash equivalents at beginning of year	2,843	2,495
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies at the beginning of the financial year	(22)	(2)
Cash and cash equivalents at end of year	511	2,843

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

Notes to the Consolidated Financial Statements

	2014	2013
	\$'000	\$'000

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 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 2013 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 2013 annual report.

2. Revenue

Sale of goods and services	48,256	54,417
Interest received	25	34
Total	48,281	54,451
Other income		
- Net foreign exchange gains	145	12

3. Expenses

Additional information on the nature of expenses

Inventories

Cost of sales	34,095	41,828
Movement in provision for inventory obsolescence	(1,525)	2,177

Employee benefits expense

Salaries and wages	8,491	8,727
Employee termination expense	21	333
	8,512	9,060

Depreciation and amortization

Plant and equipment	71	107
Furniture and fittings	38	43
Leasehold improvements	145	144
Leased plant and equipment	16	16
Website costs	15	40
	285	350

Bad and doubtful debts

	27	166
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Rental expense on operating leases

Minimum lease payments	1,316	833
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Notes to the Consolidated Financial Statements

	2014 \$'000	2013 \$'000
4. Cash Flow Information		
(i) Cash and cash equivalents		
Cash and cash equivalents included in the statement of cash flows comprise of the following amounts:		
Cash on hand	3	3
At call deposits with financial institutions	508	2,840
	511	2,843
(ii) Reconciliation of net cash provided by operating activities to profit or loss after income tax		
(Loss) for the year	(1,000)	(2,212)
Depreciation and amortization	285	350
Net loss on disposal of plant and equipment	-	1
Foreign exchange (gains)	(165)	(12)
Non-cash share based payments	-	1
Changes in operating assets and liabilities		
Decrease/(Increase) in trade and other receivables	635	(2,013)
(Increase) in inventories	(787)	(200)
Decrease in tax receivable	-	124
(Decrease)/Increase in payables	(1,511)	5,066
(Decrease) in lease liabilities	(31)	(28)
Increase in provisions	181	34
(Increase) in deferred taxes	-	(993)
Net cash provided by operating activities	(2,393)	118

(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

	2014	2013
5. Earnings Per Share		
Basic earnings per share (cents)	(3.3)	(7.2)
Weighted average number of ordinary shares (number)	30,573,181	30,573,181
Earnings used to calculate basic earnings per share (\$,000)	(1,000)	(2,212)
Diluted earnings per share (cents)	(3.3)	(7.2)
Weighted average number of ordinary shares (number)	30,573,181	30,573,181
Earnings used to calculate diluted earnings per share (\$,000)	(1,000)	(2,212)

6. Events after the Balance Sheet Date**Funding**

As recently announced to the market, Ambertech management has successfully negotiated a new two year finance facility with Bibby Financial Services. The new facility is an invoice discounting solution with approval up to \$6M and replaces the Commonwealth Bank of Australia as the primary lenders to the business. This move provides Ambertech with greater flexibility to undertake new projects and to fund potential growth opportunities. This flexibility will assist the company in its current turnaround phase.

Further Explanation of the results

For the year ended 30 June 2014

Segment Results

	Lifestyle Entertainment			Professional			New Zealand		
	2014	2013	Change up/ (down) %	2014	2013	Change up/ (down) %	2014	2013	Change up/ (down) %
	\$'000	\$'000	%	\$'000	\$'000	%	\$'000	\$'000	%
Sales revenue	24,191	23,278	3.9	20,390	28,247	(27.8)	3,674	2,892	27.0
Segment EBIT	(559)	(2,332)	76.0	210	198	6.1	(2)	(129)	98.4

Lifestyle Entertainment

Ambertech's Lifestyle Entertainment group continues to undergo the structural changes that are necessary to return the business unit to consistent profit results. Management is working towards providing greater emphasis on the core brands that provide adequate returns, and on new brands that are considered to be in growth areas. This will continue to be a focus in the coming months.

The second half of the year was particularly difficult for one of the four main product areas within this segment – consumer electronics products. This area has been the most challenging for Ambertech for some time now, as the overall market has shifted into different technologies and current suppliers have had difficulty adapting to the change. Management has sought alternative technologies in this area; however it has taken time to bring those products to the market.

Other product areas have performed better in this segment. The accessories products group continues to be a consistent performer with strong sales of headphones, remote controls and antennas. The custom installation and commercial display areas are more projects related and have had good underlying run rate business. Management has expanded our product range in this area into racking, switching and optical cabling solutions during the financial year.

Professional Segment

Ambertech's Professional segment has two main product areas – professional products, and broadcast media products. The professional products area is the core of the original Ambertech business and continues to be a consistent performer. Many of the agencies are ones Ambertech has represented for a long time, and are core infrastructure products that are sold on a daily basis.

The broadcast media products area is predominantly project based, with recurring revenue from support contracts. Management continues to focus on growth areas including law enforcement, defence and mining with communications systems. During the year less capital projects came to fruition, which led to the drop in revenue for this financial year.

New Zealand

Ambertech's New Zealand operation reported a small loss for the year despite continued growth in revenue for the financial year. The loss for the year is a result of slower than expected business activity due to the timing of project work in New Zealand.

Outlook for the business

The 2014-15 financial year has begun with some pleasing results in our lifestyle entertainment segment, whilst visibility of project work in the broadcast media space continues to improve. As a result, the Board of Ambertech ("the Board") is cautiously optimistic that it can deliver on business strategies, which are focused 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 utilizing 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

A handwritten signature in black ink, appearing to read 'R. Glasson', with a stylized flourish at the end.

Robert Glasson

CFO, Company Secretary

Sydney, 29 August 2014