



# Annual Report

Annual Report for the year ended  
30 June 2011

Ambertech Limited

ACN 079 080 158





# Mission Statement



## Corporate Mission

Ambertech Limited is an acknowledged leader in the identification, supply and distribution of advanced technologies for the Professional and Consumer audio/visual markets within the Oceania region.

Our purpose is to add significant operational value by developing and strengthening customer relationships, expanding horizons of opportunity and delivering strong and continuous financial growth to stakeholders, through our proven ability to integrate, implement and commercialise existing and emerging technologies.



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# Chairman's and Managing Director's Review



# Chairman's and Managing Director's Review

On behalf of the Board and the executive management, we present to you the Annual Report of Ambertech Limited for 2011.

Ambertech's business segments represent a diverse portfolio of products sold through multiple channels to market. The results for the 2010/11 financial year reflect the difficult trading conditions experienced throughout the financial year. The major factors impacting the result for the year include:

- Slowing in demand from the retail sector as a result of cautious consumer spending behavior, both in Australia and New Zealand; and
- Continued depression of new home building market, restricting sales in our custom install markets.

Despite the disappointing result, the business continued to be cash flow positive for the financial year, returning cash flows from operations of \$2.1 million.

Future trading conditions are forecast to remain difficult in a number of the markets in which Ambertech operates across Australia and New Zealand, particularly where these markets are impacted by discretionary household spending. We have implemented a number of cost reduction measures in order to reflect where we see the current demand for our products in order to improve our results.

We are 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. These initiatives are underway and are the key drivers of future revenue and profit growth.

In the 2011/12 financial year the business will be relocating its headquarters to a new facility which will allow Ambertech to consolidate multiple business units under one roof. This will assist in cross selling across Ambertech's diverse brands, and to improve logistics management with modern building design.

The Board of Directors would once again like to thank all management and staff for their contributions to the performance and development of the company during the year.



**P F Wallace**  
Chairman



**P A Amos**  
Managing Director

# Lifestyle Entertainment



# Lifestyle Entertainment Update



Ambertech's lifestyle entertainment business segment is a leader in the distribution of home theatre products, custom installation components for home theatre and commercial installations, projection and display products with business and domestic applications, and a large range of complementary video and audio accessories.



The 2010/11 financial year presented our markets with tough economic conditions. Despite this, we were largely successful in maintaining our market share with our major brands and categories. The second half of the financial year is traditionally slower than the first, and this trend continued in 2010/11.

During the year our core brands had some significant events which will lay the foundation for future revenue growth, including:

- One For All released a new range of their world leading Universal Remote Control's, in addition to some new categories which include Flat Screen Brackets, Care and Cleaning products and Universal Charging products.



- Plantronics released a new range of PC/Multimedia and Bluetooth Headsets.
- Release to the market of the new range of Onkyo receivers which took the award winning, feature packed models and included support for iPods natively.
- Onkyo release to the market of a low cost simplified surround sound package which was featured on Better Homes and Gardens.



- Sonance have taken the "DNA" of their successful range of loudspeakers for the Custom Installation market and moved it outdoors with the launch of the new Landscape Series.
- Projection Design projectors were successful in winning a major tender for supply to the mining industry and used for simulators.
- Optoma announced a new range of 1080p 3D projectors, their first LED projector, and a range of ultra short throw projectors for the education market, one with interactive capability.

These events, and others like them, combine to give a positive feel throughout our sales force. We also see some early signs that business and consumer confidence may be returning. We expect when this does happen, we will be in prime position to take full advantage of opportunities that may arise.



# Broadcast and Professional





# Broadcast and Professional Update



In a year of uncertainty in the market, it was very heartening to see the core products in our Professional segment continue to hold up, and in some cases such as the emerging new MI section, blossom.

However the Systems and Broadcast Products areas suffered from a distinct nervousness surrounding investment in these areas, which were not adequately offset by our efforts in Government and Defence.



The Broadcast market was very uncertain, with major changes in all of the majors structures reflecting the rapid evolution occurring in this space. The lack of consumer spending also ripples through to the broadcast market directly, with an immediate impact on advertising spends.

Our longer term areas of development outside the Broadcast market continue to hold great promise for the future, and we have seen some good developments here:

- Standardisation on one of our core products as a communications platform for mining developments, with excellent prospects for continued high value sales.
- Acquisition of a major product, Perceptive Pixel, a key high value display element in high-end Government, Resource and defence mapping and data management systems.
- Continued expansion of protective case sales in all of these areas.

Some key successes in our traditional sales areas were:

- Acceptance by the ABC of a 3 year option for purchase of Music Production Consoles, with plans for further purchases.
- Growth of 59% and 88% in turnover of TC Electronic Guitar and Vocal Products respectively.
- A significant contribution to the relocation of GTV9 in Melbourne, with products from Avid Video and Audio, SSL, Vinten and EVS all playing a major part in the development
- Connector and cable turnover returning to Pre GFC levels.
- A very significant sale of EVS Technology to Premier Media Group (Fox Sports), representing the culmination of several years' work.



Overall it has been a hard year, but we stand ready to embrace the opportunities presented by the coming year with a strong and consolidated product range and some firm plans to embrace new markets.



# New Zealand



# New Zealand Segment

Our results for the year reflect, in particular, on disappointing sales in our broadcast area. As a result, further restructuring and some staff replacements have been undertaken as a measure to assist in offsetting the downturn in business. Our restructure process has been met with market acceptance and renewed customer confidence.



The TVWorks project was brought to a successful completion in the 2010/11 financial year and since then we have added more storage to their system confirming our customer's endorsement of this Enterprise investment.

The financial year also saw the retirement of our Lifestyle Product Manager, Mr Tony van Dam. Tony had been with us for 15 years and we wish him and his family all the best in the future. Moving in to fill Tony's seat is Mr Nigel Lee, and while Nigel is not from our industry he brings with him a fresh and creative approach that is showing very positive and measurable results.



One of Nigel's first achievements was the successful launch of the Tricklestar brand in New Zealand. An incentive program was created for which Genesis Energy clients would receive a discount via coupon when presented at their local Warehouse Stationary store. Our patience in this area is now paying off with re-orders by retailers happening regularly now. This partnership has been so successful that Genesis Energy has re-signed to continue this program for another term.

The past year has been a very hard one yet again but, looking forward we feel confident that the future has a brighter outcome for us all.



# Our Business and Brands



# Our business and brands

Ambertech's core business is the ownership and management of mostly exclusive distribution rights with leading manufacturers. Strong relationships with these manufacturers are pivotal to our success and have provided the basis for solid growth.

Ambertech's lifestyle entertainment business segment is a leader in the distribution of home theatre products and accessories 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.

Ambertech's professional business segment supplies product and services to television stations, radio stations, cinemas, post-production facilities, as well as military and education establishments. Being entirely business-to-business in nature, these divisions are unaffected by the potential volatility of consumer sentiment or retail sales trends.

In New Zealand Ambertech distributes of a wide range of quality products for both professional and consumer markets in New Zealand.





# Corporate Governance Statement



# CORPORATE GOVERNANCE STATEMENT

Ambertech Limited (the Company) and the Board are committed to achieving and demonstrating high standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of all stakeholders.

The Company recognises that on 30 June 2010 the ASX Corporate Governance Council released amendments to the second edition in relation to diversity, remuneration, trading policies and briefings, and these will apply to the Company for the 2012 financial year.

A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

## Principle 1: Lay solid foundations for management and oversight

The Board is responsible to the shareholders and is accountable to them for the performance of the Company in both the short and the longer term and seeks to balance sometimes competing objectives in the best interests of the company as a whole. Its focus is to enhance the interests of shareholders and other key stakeholders and to deliver value through the effective governance of the business.

The responsibilities of the Board include:

- Providing strategic guidance to the company, including contributing to the development of and approving the corporate strategy.
- Reviewing, approving and monitoring systems of risk management and internal control, codes of conduct, legal compliance and accountability systems.
- Monitoring financial performance, including approval of the annual and half-yearly financial reports.
- Reviewing and approving annual budgets and financial plans, including major capital expenditure initiatives.
- Overseeing and monitoring the progress of major capital expenditure, capital management and acquisitions and divestments.
- Appointing and removing the Managing Director (MD).
- Ratifying the appointment and removal of the Chief Financial Officer (CFO).
- Monitoring the performance of the MD and CFO against annually set key performance indicators.
- Ensuring appropriate resources are available to senior executives
- Acting as an interface between the Company and shareholders.

Day to day management of the company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the MD, CFO and other senior executives.

Performance assessments for senior executives, other than the CFO, are the responsibility of the MD.

Assessment of the MD, CFO and other senior executives occur as part of an annual review process. Assessments consist of formal meetings to discuss performance against set KPIs which are 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.

The Board has adopted a formal charter and a copy is available on the company's website.



## Principle 2: Structure the board to add value

Details of the members of the Board, their experience, expertise, qualifications and term of office are set out in the Directors' Report under the heading "Information on directors". At the date of signing the Directors' Report, the Board comprises four non-executive directors, including the Chairman, and one executive director.

As a team, the Board brings a range of qualifications, with experience in high technology equipment, finance, accounting, public company affairs and corporate governance. The Board believes that the first priority in the selection of directors is their ability to add value to the Board and enhance Ambertech's performance.

The Board's view is that independence is extended to those non-executive directors whose interests are less than 10% of issued capital, where that director is not the major shareholder, and where no ongoing services are being provided to the Company by the director or related entities.

At the date of signing the Directors' report, the Board comprises three independent directors, (Mr Peter Wallace, Mr Edwin Goodwin, and Mr David Swift) and two non-independent directors (Mr Thomas Amos and Mr Peter Amos).

The Chairman undertakes a regular performance evaluation for the board, its committees and directors. The Chairman meets privately with each director to discuss assessments. A performance evaluation has taken place during the reporting period in accordance with the process described above.

The Board has established a Nomination and Remuneration committee as outlined under the heading Principle 8: Remunerate fairly and responsibly.

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, subject to approval of cost by the Chairman.

## Principle 3: Promote ethical and responsible decision-making

The company has developed a broad code of conduct for all staff which operates in conjunction with a strong network of company policies to ensure all personnel act with integrity, objectivity and in compliance with the letter and the spirit of the law and company policies. The code applies to all employees within the company from the Board, through management to all other staff. The code encourages all staff and other stakeholders to report any breaches of the code to the Chairman of the Board, who is required to investigate and report on all such matters.

The Code of Conduct is supported by more detailed policies setting out the philosophy of the company in relation to its various stakeholders. A copy of the code is available on the company's website.

### **Securities Trading**

The Company's Directors and Officers are prohibited from dealing in any of the Company's shares, except while not in possession of unpublished price sensitive information. Directors and Officers are prohibited from dealing in the Company's shares during specified periods prior to the release of the Company's results, or before the AGM. Directors and Officers must notify either the Chair or the Company Secretary prior to dealing in the Company's shares.

The Board has established a securities trading policy and a copy is available on the company's website.

### **Diversity**

ASX Principles have been revised to require companies to establish diversity related measurable objectives, undertake an annual assessment against the objectives and make disclosures in the 2012 Annual Report.

Ambertech is currently developing and formalizing targets for gender diversity in line with the requirements under the ASX Principles, which will be disclosed in the 2012 Annual Report. A Diversity Policy has been adopted by the Board and a copy is available on the company's website.

## Principle 4: Safeguard integrity in financial reporting

### Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee responsible for ensuring that:

- reporting on the financial and other performance indicators for the Company meets all applicable legislative and accounting standards;
- the Company's control and accountability systems are robust;
- the Company identifies and monitors major risks as well as reviewing and ratifying systems of risk management, and internal compliance and control; and
- governance policies of the Company comply with all relevant legislation.

Members of the Committee are Ed Goodwin (Chairperson) and Peter Wallace, each of whom is a non-executive director with appropriate financial and business expertise to act effectively as a member of the Audit and Risk Management Committee. The committee contains only two members as it would be inefficient for the structure of the board to have three members.

The Audit and Risk Management Committee meets at least three times a year and reports regularly to the Board. The Audit and Risk Management Committee has direct access to any employee, the auditors or any other independent experts and advisers, as it considers appropriate in order to ensure that its responsibilities can be carried out effectively. The Audit and Risk Management Committee has a formal charter.

Details of the members of the committee, their experience, expertise, qualifications and attendance at meetings of the committee are set out in the Director's Report.

### External Audit

The Board has delegated to the Audit and Risk Management Committee responsibility for making recommendations on the appointment, evaluation and dismissal of external auditors, and ensuring that the auditors report to the Committee and the Board.

It is policy for the external auditors to provide an annual declaration of independence to the Audit and Risk Management Committee. The external auditor will attend the Annual General Meeting and be available to shareholders for questions regarding the conduct of the audit and preparation of the content of the Audit Report.

## Principles 5 and 6: Make timely and balanced disclosures and Respect the rights of shareholders

The Chairman and Company Secretary are responsible for communications with the ASX, and ensuring compliance with the continuous disclosure requirements in the ASX listing rules. Management are responsible for ensuring that all potential corporate information that could materially affect the price or value of the company's shares is brought to the attention of the Chairman or Company Secretary immediately it becomes known. This information is then assessed in liaison with the Board and management in regards to ASX listing rule requirements of 3.1.

The company has a shareholder communications policy which recognizes the value of providing current and relevant information to shareholders. All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX, and remains available to shareholders for at least two years. The current and historical share price details are also available on the website.

All shareholders have the option to receive a hard copy of the Annual Report. The company does provide the opportunity for shareholders to receive the Annual Report through electronic means. A copy of the Annual Report is made available from the company's website.

The Board has adopted a continuous disclosure and communications policy and a copy is available on the Company's website.

## Principle 7: Recognise and manage risk

The Board, through the Audit and Risk Management Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal controls. The Board has required management to design and implement a risk management and internal control system to manage the Company's material business risks and to report to it on whether those risks are being managed effectively.

In summary, the Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of business objectives. To realise its risk management objectives, the company:

- Identifies and assesses risks to business and understands how such risks influence performance;
- Ensures that an appropriate risk management framework is in place, that it is aligned to the company's business strategy and that it evolves with the business;
- Supports the framework and strategy with an appropriate organisational structure and ensures that associated responsibilities are clearly defined and communicated at all levels;
- Ensures that risk management information is communicated through a clear and robust reporting structure; and
- Integrates ongoing risk management activities within the business.

The Managing Director is responsible for overall risk management leadership, policy and program implementation. The Chief Financial Officer (CFO) supports the Managing Director in discharging these responsibilities and is responsible for providing appropriate risk management resources to guide and support all personnel in maintaining the risk management framework, as well as coordinating regular reporting to the Audit and Compliance Committee.

The CFO also ensures that his report to the Board notifies directors of any issues or concerns and reports as to the effectiveness of the Company's management of its material business risks.

Management has reported to the Board as to the effectiveness of the Company's management of its material business risks. The Managing Director and Chief Financial Officer have also made the following certifications to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and Group and are in accordance with relevant accounting standards.
- That the above statements are founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material aspects.

## Principle 8: Remunerate fairly and responsibly

### **Nomination and Remuneration Committee**

The Board has established a Nomination and Remuneration Committee. The committee has a formal charter. The role of the Nomination and Remuneration Committee is to provide recommendations to the Board on various matters including:

- appropriate remuneration policies and monitoring their implementation including with respect to executives, senior managers and non-executive directors;
- incentive schemes designed to enhance corporate and individual performance; and
- retention strategies for executives and senior management.

Members of the Nomination and Remuneration Committee are Peter Wallace (chairperson), and David Swift, each of whom is a non executive director. Details of the members of the committee, their experience, expertise, qualifications and attendance at meetings of the committee are set out in the Director's Report.

The Nomination and Remuneration Committee meets at least once a year and at such other times as the chairman of that committee considers necessary. The Remuneration Report, within the Directors' Report, sets out the Company's policies for remunerating Directors, the Managing Director, the Chief Financial Officer and other senior executives.

# Financial Report



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

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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 2011 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 since the start of the year unless otherwise stated.

**Information on directors**

**Peter Francis Wallace**

**Chairman - Non Executive Director**

**Aged 51**

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. He is currently the non-executive chairman of ASX listed, Ideas International Limited.

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**

**Aged 54**

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 the 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**

**Aged 60**

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**  
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**DIRECTORS' REPORT**

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**Edwin Francis Goodwin**  
**Non-Executive Director**  
**Aged 63**

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**  
**Aged 64**

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 the Business Development Director of Gibson Quai - AAS Pty Ltd, an independent telecommunications management and technology consulting practice 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**

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

Robert Glasson joined Ambertech Limited in July 2002 and also holds the position of Chief Financial Officer. He has a Bachelor of Business degree from the University of Technology, Sydney, and is a member of the Institute of Chartered Accountants in Australia. 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 consolidated entity employed 109 full time employees as at 30 June 2011 (2010: 115 employees).

## **REVIEW AND RESULTS OF OPERATIONS**

The consolidated profit of the economic entity after providing for income tax for the financial year was down by 92.2% to \$126,000 (2010: \$1,606,000). Total revenues for the financial year increased by 0.8% to \$66,703,000 (2010: \$66,204,000). 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**

Despite a disappointing profit result the directors believe the economic entity is in a strong and stable financial position to expand and grow its current operations. The economic entity recorded positive operating cash flows of \$2,123,000 for the year ended 30 June 2011 in difficult trading conditions. Borrowings were decreased by \$1,700,000 during the financial year whilst maintaining a healthy working capital ratio.

The economic entity's working capital, being current assets less current liabilities, has decreased by \$197,000 to \$16,538,000 as at 30 June 2011 (2010: \$16,735,000). The net assets of the economic entity have also decreased by \$75,000 to \$19,982,000 as at 30 June 2011 (2010: \$20,057,000). This change in net assets is largely due to the lower earnings recorded during the financial year.

## **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.

## **SIGNIFICANT EVENTS AFTER BALANCE DATE**

Apart from the above, there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations or the state of affairs of the economic entity in future years.

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

The goal for the 2011/12 financial year is to return the business to positive earnings growth as a result of changes made to the cost structure of the business during the 2010/11 financial year. We believe that we have taken the appropriate measures to ensure the business is well placed to meet this challenge in the coming financial year.

In the short term we expect that we will continue to see uncertainty in the economic outlook both for our markets and globally. We also anticipate that there is likely to be further consolidation or casualty of global suppliers of equipment, and this continues to present both risks and opportunities for Ambertech.

The Board of Ambertech is confident that further development of new and existing channels to market, along with new product initiatives scheduled for early in the new financial year will assist with growth in coming financial years.

## **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. The disclosures have been transferred from the financial report and have been audited.

#### **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.

#### **Executive Remuneration**

##### **Managing Director and Chief Financial Officer**

Remuneration of the Managing Director and the Chief Financial Officer (CFO) 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 CFO 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.

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.

##### **Other Executives**

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.



**REMUNERATION REPORT (continued)**

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

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Dividends paid (cents per share)	0.5	5.5	3.5	7.0	5.0
Closing share price at 30 June (\$)	\$0.31	\$0.38	\$0.45	\$0.65	\$0.69
Share buy back (\$'000)	8	-	44	-	75
Net profit after tax (\$'000)	126	1,606	1,806	3,179	2,575

**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:

<b>Name</b>	<b>Position</b>	<b>Name</b>	<b>Position</b>
P Wallace	Non-Executive Chairman	R Glasson	CFO, Company Secretary
P Amos	Managing Director	B Lee	General Manager, Lifestyle Entertainment
T Amos	Non-Executive Director	R Caston	General Manager, Broadcast & Professional
E Goodwin	Non-Executive Director	R McCleery	Director, Amber New Zealand
D Swift	Non-Executive Director	G Simeon	General Manager, Video & Audio Post Group

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>2011</u>	Short-term employment benefits		Post employment benefits	Share based payments	Total	% Performance Related	% Relating to Options
	Cash salary	Cash Bonus	Superannuation	Options			
Directors	\$	\$	\$	\$	\$		
P Amos	350,279	-	29,725	7,787	387,791	0.0%	2.0%
P Wallace	55,046	-	4,954	-	60,000	0.0%	0.0%
T Amos	32,111	-	2,890	-	35,001	0.0%	0.0%
E Goodwin	32,111	-	2,890	-	35,001	0.0%	0.0%
D Swift	32,111	-	2,890	-	35,001	0.0%	0.0%
	501,658	-	43,349	7,787	552,794	0.0%	1.4%

Executives

R Glasson	174,317	-	15,689	838	190,844	0.0%	0.4%
B Lee	168,000	-	15,120	838	183,958	0.0%	0.5%
R Caston	156,459	21,968	15,518	838	194,783	11.3%	0.4%
G Simeon	151,377	11,818	14,688	-	177,883	6.6%	0.0%
R McCleery	107,334	-	-	838	108,172	0.0%	0.8%
	757,487	33,786	61,015	3,352	855,640	3.9%	0.4%

<u>2010</u>	Short-term employment benefits		Post employment benefits	Share based payments	Total	% Performance Related	% Relating to Options
	Cash salary	Cash Bonus	Superannuation	Options			
Directors	\$	\$	\$	\$	\$		
P Amos	340,441	30,510	31,743	17,864	420,558	7.3%	4.2%
P Wallace	52,523	-	4,727	4,296	61,546	0.0%	7.0%
T Amos	31,056	-	2,795	-	33,851	0.0%	0.0%
E Goodwin	31,056	-	2,795	-	33,851	0.0%	0.0%
D Swift	31,056	-	2,795	-	33,851	0.0%	0.0%
	486,132	30,510	44,855	22,160	583,657	5.2%	3.8%

Executives

R Glasson	169,725	8,541	16,044	2,758	197,068	4.3%	1.4%
B Lee	167,996	37,770	15,738	2,758	224,262	16.8%	1.2%
R Caston	156,457	30,607	16,296	2,758	206,118	14.8%	1.3%
G Simeon	151,376	9,147	14,897	-	175,420	5.2%	0.0%
R McCleery	112,258	-	-	2,758	115,016	0.0%	2.4%
	757,812	86,065	62,975	11,032	917,884	9.4%	1.2%

**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 \$380,004.

**Share based compensation**

Ambertech 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.

The number of options on issue to directors and key executives at the date of this report is outlined in the following tables. There were no options issued during or since the end of the financial year.

**Options Granted**

	Grant Details			For the financial year ended 30 June 2011						Overall	
	Grant Date	No	Value \$	Exercised		Lapsed		Vested	Vested %	Unvested %	Lapsed %
<b>Directors</b>											
P Amos	7/12/2004	400,000	116,913	-	-	100,000	38,670	-	100	-	50
				-	-	100,000	38,670	-			
<b>Executives</b>											
R Glasson	7/12/2004	50,000	18,369	-	-	20,000	6,282	-	100	-	90
B Lee	7/12/2004	50,000	18,369	-	-	20,000	6,282	-	100	-	90
R Caston	7/12/2004	50,000	18,369	-	-	20,000	6,282	-	100	-	90
R McCleery	7/12/2004	50,000	18,369	-	-	20,000	6,282	-	100	-	90
				-	-	80,000	25,128	-			

When exercisable, each option is convertible into one ordinary share on a 1:1 basis.

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

**REMUNERATION REPORT (continued)**

There have been no shares issued during or since the end of the financial year as a result of exercise of options. During the financial year 200,000 options lapsed.

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.

**Interests of Directors**

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

<u>Director</u>	<u>Ordinary Shares</u>	<u>Options over Ordinary Shares</u>
P Wallace	171,897	-
P Amos	4,313,843	200,000
T Amos	5,484,625	-
E Goodwin	2,883,556	-
D Swift	2,995,826	-

**DIVIDENDS**

Dividends paid or declared by the Company to members since the end of the previous financial year were:

<u>Dividend Type</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Cents per share</u>	<u>Franking %</u>	<u>Tax rate</u>
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*Declared and paid during the year ended 30 June 2011:*

Interim dividend	16/03/2011	31/03/2011	0.5	100%	30%
------------------	------------	------------	-----	------	-----

**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	12	12	4	4	2	2
P Amos	12	12	-	-	-	-
T Amos	12	12	-	-	-	-
E Goodwin	11	12	4	4	-	-
D Swift	12	12	-	-	2	2

#### **NON-AUDIT SERVICES**

It is the economic entity's policy to employ PKF East Coast Practice (PKF) for assignments additional to their annual audit duties, when PKF'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 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 as disclosed at note 27.

The Directors are satisfied that the provision of non-audit services during the year by the auditor's is compatible with the general standard of independence for auditor's 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**

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**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:

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P F Wallace



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P A Amos

Dated this 26th day of August 2011.

Sydney



Chartered Accountants  
& Business Advisers

**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 statements of financial position as at 30 June 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration of Ambertech Limited (the consolidated entity). The consolidated entity comprises Ambertech Limited 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 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 entity's preparation and fair presentation of the financial report 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 entity'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.

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | [www.pkf.com.au](http://www.pkf.com.au)  
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Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia  
DX 10173 | Sydney Stock Exchange | New South Wales

The PKF East Coast Practice is a member of the PKF International Limited network of legally independent member firms. The PKF East Coast Practice is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF East Coast Practice has offices in NSW, Victoria and Brisbane. PKF East Coast Practice does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### *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 2011 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated parent financial statements and notes also comply 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 4 to 8 of the directors' report for the year ended 30 June 2011. 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 2011, complies with section 300A of the *Corporations Act 2001*.



**PKF**



**Arthur Milner  
Partner**

Sydney  
26 August 2011



**Lead auditor's independence declaration under Section 307C of the *Corporations Act 2001***

To the Directors of Ambertech Limited and the entities it controlled during the year.

I declare to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- no contraventions of any applicable code of professional conduct in relation to the audit.



PKF



**Arthur Milner**  
**Partner**

Sydney  
26 August 2011

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**AMBERTECH LIMITED AND CONTROLLED ENTITIES**

ACN 079 080 158

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	Economic Entity	
		2011 \$'000	2010 \$'000
<b>Revenue</b>	3	66,703	66,204
Cost of sales	4	<u>(47,541)</u>	<u>(45,024)</u>
<b>Gross profit</b>		19,162	21,180
Other income	3	-	803
Employee benefits expense	4	(11,206)	(11,438)
Distribution costs		(1,483)	(1,656)
Marketing costs		(1,551)	(2,139)
Premises costs		(2,162)	(1,868)
Depreciation and amortisation expenses	4	(272)	(279)
Finance costs		(461)	(390)
Travel costs		(648)	(678)
Other expenses		<u>(1,221)</u>	<u>(1,252)</u>
<b>Profit before income tax expense</b>	4	158	2,283
Income tax benefit / (expense)	5	<u>(32)</u>	<u>(677)</u>
<b>Profit for the year</b>		<u>126</u>	<u>1,606</u>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		<u>(52)</u>	<u>7</u>
<b>Total comprehensive income for the year</b>		<u>74</u>	<u>1,613</u>
<b>Earnings per share</b>			
Basic earnings per share	25	<u>0.4</u>	<u>5.2</u>
Diluted earnings per share	25	<u>0.4</u>	<u>5.2</u>

*The consolidated statement of 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 2011**

		Economic Entity	
	Note	2011 \$'000	2010 \$'000
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	23	3,134	3,090
Trade and other receivables	6	13,128	8,149
Current tax assets	7	326	366
Inventories	8	<u>13,571</u>	<u>16,089</u>
<b>TOTAL CURRENT ASSETS</b>		<u>30,159</u>	<u>27,694</u>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	10	380	531
Intangible assets	11	3,054	2,970
Deferred tax assets	5	<u>866</u>	<u>778</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>4,300</u>	<u>4,279</u>
<b>TOTAL ASSETS</b>		<u>34,459</u>	<u>31,973</u>
<b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	9,493	5,292
Other financial liabilities	13	3,000	4,700
Provisions	14	<u>1,128</u>	<u>967</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>13,621</u>	<u>10,959</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	14	804	811
Deferred tax liabilities	5	<u>52</u>	<u>146</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>856</u>	<u>957</u>
<b>TOTAL LIABILITIES</b>		<u>14,477</u>	<u>11,916</u>
<b>NET ASSETS</b>		<u>19,982</u>	<u>20,057</u>
<b><u>EQUITY</u></b>			
Share capital	15	11,138	11,146
Reserves	16	(116)	(6)
Retained earnings		<u>8,960</u>	<u>8,917</u>
<b>TOTAL EQUITY</b>		<u>19,982</u>	<u>20,057</u>

*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 2011

	Share Capital \$'000	Option Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Economic Entity</b>					
Balance as at 30 June 2009	11,146	271	(99)	8,994	20,312
Total comprehensive income for the year	-	-	7	1,606	1,613
<b>Transactions with equity holders:</b>					
Costs of share based payments	-	(185)	-	-	(185)
Dividends	-	-	-	(1,683)	(1,683)
	-	(185)	-	(1,683)	(1,868)
<b>Balance as at 30 June 2010</b>	<b>11,146</b>	<b>86</b>	<b>(92)</b>	<b>8,917</b>	<b>20,057</b>
Total comprehensive income for the year	-	-	(52)	126	74
<b>Transactions with equity holders:</b>					
Shares bought back during the year	(8)	-	-	-	(8)
Costs of share based payments	-	(58)	-	70	12
Dividends	-	-	-	(153)	(153)
	(8)	(58)	-	(83)	(149)
<b>Balance as at 30 June 2011</b>	<b>11,138</b>	<b>28</b>	<b>(144)</b>	<b>8,960</b>	<b>19,982</b>

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 2011**

	Note	Economic Entity	
		2011 \$'000	2010 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		67,397	75,089
Payments to suppliers and employees		(59,834)	(67,530)
Interest received		20	16
Interest and other costs of finance paid		(461)	(390)
Income taxes paid		(538)	(1,236)
Income taxes refunded		361	257
Goods and services tax remitted		<u>(4,822)</u>	<u>(4,496)</u>
<b>Net cash provided by operating activities</b>	23	<u>2,123</u>	<u>1,710</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		(82)	(230)
Payments for intangible assets - website		<u>(125)</u>	<u>-</u>
<b>Net cash (used in) investing activities</b>		<u>(207)</u>	<u>(230)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid to shareholders		(153)	(1,683)
Proceeds from borrowings		-	500
Payments for shares bought back		(8)	-
Repayment of borrowings		<u>(1,700)</u>	<u>-</u>
<b>Net cash (used in) financing activities</b>		<u>(1,861)</u>	<u>(1,183)</u>
Net increase in cash and cash equivalents held		55	297
Cash and cash equivalents at beginning of year		3,090	2,793
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>(11)</u>	<u>-</u>
<b>Cash and cash equivalents at end of year</b>	23	<u>3,134</u>	<u>3,090</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 consolidated 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 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 B, 5 Skyline Place, Frenchs Forest NSW 2086.

**Authorisation of financial statements**

The financial statements were authorised for issue on 26 August 2011 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. The financial statement is a general purpose financial statement prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

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).

Accounting Standards not Previously Applied

The economic entity has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current period. Disclosures required by these Standards that are deemed material have been included in these financial statements on the basis that they represent a significant change in information from that previously made available.

- (i) AASB 2009-8 Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)

The amendments clarified the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.

- (ii) AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

The amendments clarified that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its own non-derivative equity instruments.

- (iii) AASB 2009-20 Amendments to Australian Accounting Standards arising from Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments [AASB 1] (effective from 1 July 2010)

The amendments require the extinguishment of a financial liability by the issue of equity instruments to be measured at fair value (preferably using the fair value of the equity instrument issued) with the difference between fair value of the instrument and the carrying value of the liability extinguished being recognised in profit or loss. The Interpretation does not apply where the conversion terms were included in the original contract (such as in the case of a convertible debt) or to common control transactions.

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

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

- (iv) AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 201, AASB 202 & AASB 209] (effective from 1 July 2010)

The subjects of the principal amendments to the Standards are set out below:

AASB 3 Business Combinations

- Measurement of non-controlling interests;
- Unreplaced and voluntarily replaced share-based payment awards;
- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised AASB 3 (2008).

- (v) AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (effective from 1 January 2011)

The amendment to AASB 8 requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.

This Standard also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.

- (vi) AASB 124 Related Party Disclosure (effective from 1 January 2011)

Simplifies the definition of a related party, clarifying its intended meaning & eliminating inconsistencies from the definition of a related party.

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 2011, but have not been applied in preparing these financial statements.

- (i) AASB 9 Financial Instruments (effective from 1 January 2013)

- (ii) AASB 10 Consolidation (effective from 1 January 2013)

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the investor's returns.

- (iii) AASB 12 Disclosure of Interests in Other Entities (effective from 1 January 2013)

AASB 12 provides the disclosure requirements for entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. As such, it pulls together and replaces disclosure requirements from many existing standards.

- (iv) AASB 13 Fair Value Measurement (effective from 1 January 2013)

AASB 13:

- (a) defines fair value;
- (b) sets out in a single IFRS a framework for measuring fair value; and
- (c) requires disclosures about fair value measurements.

- (v) AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (effective from 1 January 2011)

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

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

- (vi) AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (effective from 1 January 2011)
- (vii) AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (effective from 1 July 2011)
- (viii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (effective from 1 January 2013)
- (ix) AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113] (effective from 1 July 2011)
- (x) AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054] (effective from 1 July 2013)
- (xi) AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] (effective from 1 July 2013)

**(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 concern impairment of goodwill. The economic entity tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(k). These calculations require the use of assumptions, and these are described further in note 11.

**(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.



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

**(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 less than three months, and bank overdrafts.

**(f) 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) Inventory**

Inventories 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 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.

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

**(i) Investments in Subsidiaries**

In the separate financial statements of the parent, investments in subsidiaries that are not classified as held for sale or included in a disposal group classified as held for sale, are accounted for at cost.

**(j) Intangible Assets**

Goodwill

All business combinations are accounted for by applying the purchase 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(k)).

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.

**(k) 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 comprehensive income.

**(l) 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. The amounts are unsecured and are usually paid within 30 days of recognition.

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

**(m) 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 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.

**(n) Service Warranties**

Provision is made for the estimated liability on all products still under warranty at balance date.

**(o) 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.

**(p) Share Based Payments**

Options issued over ordinary shares are valued using a 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.

**(q) 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.

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

**(r) Income Tax**

The income tax expense or revenue 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)**

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

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

**(t) 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.

**(u) 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.

**(v) 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.

**(w) 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.

**(x) 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.

AMBERTECH LIMITED AND CONTROLLED ENTITIES  
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Economic Entity	
	2011	2010
	\$'000	\$'000
<b>NOTE 3: REVENUE</b>		
Revenue		
- Sale of goods and services	66,683	66,188
- Interest received	20	16
	<u>66,703</u>	<u>66,204</u>
Other income		
- Net foreign exchange gains	-	803
	<u>-</u>	<u>803</u>
<b>NOTE 4: ITEMS INCLUDED IN PROFIT</b>		
Additional information on the nature of expenses		
<b>Inventories</b>		
Cost of sales	47,541	45,024
Movement in provision for inventory obsolescence	18	147
	<u>18</u>	<u>147</u>
<b>Employee benefits expense</b>		
Salaries and wages	10,704	11,235
Employee termination expense	502	203
	<u>11,206</u>	<u>11,438</u>
<b>Depreciation</b>		
Plant and equipment	139	141
Furniture and fittings	26	29
Leasehold improvements	66	109
	<u>231</u>	<u>279</u>
<b>Amortisation</b>		
Website costs	41	-
	<u>41</u>	<u>-</u>
<b>Bad and doubtful debts</b>		
	<u>163</u>	<u>25</u>
<b>Rental expense on operating leases:</b>		
Minimum lease payments	1,315	1,166
	<u>1,315</u>	<u>1,166</u>
Net foreign exchange losses	57	-
	<u>57</u>	<u>-</u>
Net loss on disposal of plant and equipment	1	3
	<u>1</u>	<u>3</u>
Net fair value gain on derivative financial instruments - forward exchange contracts	45	334
	<u>45</u>	<u>334</u>

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
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	<b>Economic Entity</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>NOTE 5: INCOME TAX</b>		
<b>Major components of income tax expense</b>		
Current income tax	213	611
Under provision in prior years	1	10
Deferred tax	(182)	56
Income tax expense	<u>32</u>	<u>677</u>
<b>Reconciliation between income tax expense and prima facie tax on accounting profit</b>		
Profit before income tax expense	<u>158</u>	<u>2,283</u>
Tax at 30% (2010:30%)	47	685
Tax effect of non deductible expenses		
- Entertainment	13	17
- Other items	(29)	(35)
Under provision for income tax in prior years	1	10
Income tax expense	<u>32</u>	<u>677</u>
<b>Applicable tax rate</b>		
The applicable tax rate is the national tax rate in Australia.		
<b>Analysis of deferred tax assets</b>		
Employee benefits	443	446
Plant and equipment	148	155
Intangible assets	5	-
Accrued expenses	119	55
Allowance for doubtful accounts	7	36
Provision for obsolescence	73	68
Inventory	14	18
Other	57	-
	<u>866</u>	<u>778</u>
<b>Analysis of deferred tax liabilities</b>		
Unrealised foreign currency exchange gain	50	144
Other	2	2
	<u>52</u>	<u>146</u>
<b>Tax consolidated group</b>		
Ambertech Limited is head entity in a tax consolidated group. The tax consolidated legislation has been applied in respect of the year ended 30 June 2011.		
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.		

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
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**Economic Entity**  
**2011**                      **2010**  
**\$'000**                      **\$'000**

**NOTE 6: TRADE AND OTHER RECEIVABLES**

**Current**

Trade accounts receivable (a)	12,704	7,498
Provision for impairment of receivables (b)	<u>(26)</u>	<u>(121)</u>
	12,678	7,377
Other receivables (a)	228	200
Derivative financial instruments - forward exchange contracts	45	334
Prepayments	<u>177</u>	<u>238</u>
	<u>13,128</u>	<u>8,149</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	121	86
Charge for the year	68	60
Amounts written off	<u>(163)</u>	<u>(25)</u>
Closing balance	<u>26</u>	<u>121</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 \$326,000 (2010: \$366,000) 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.



AMBERTECH LIMITED AND CONTROLLED ENTITIES  
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	Economic Entity	
	2011 \$'000	2010 \$'000
<b>NOTE 8: INVENTORIES</b>		
<b>Current</b>		
Finished goods	12,952	15,284
Stock in transit	861	1,030
	<u>13,813</u>	<u>16,314</u>
Provision for obsolescence	(242)	(225)
	<u>13,571</u>	<u>16,089</u>

**NOTE 9: CONTROLLED ENTITIES**

Entity	Country of Incorporation	Percentage Owned	
		2011	2010
<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%

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**NOTE 10: PLANT AND EQUIPMENT**

**Non-Current**

	Gross Carrying Amount		Accumulated depreciation		Net carrying amount	
	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Economic Entity</b>						
Plant and equipment	1,743	1,760	(1,451)	(1,392)	292	368
Furniture and fittings	392	387	(320)	(294)	72	93
Leasehold improvements	768	756	(752)	(686)	16	70
Leased plant and equipment	<u>10</u>	<u>10</u>	<u>(10)</u>	<u>(10)</u>	<u>-</u>	<u>-</u>
Total plant and equipment	<u>2,913</u>	<u>2,913</u>	<u>(2,533)</u>	<u>(2,382)</u>	<u>380</u>	<u>531</u>

**Reconciliation of carrying amounts:**

	Plant and equipment \$'000	Furniture and fittings \$'000	Leasehold improvements \$'000	Leased plant and equipment \$'000	Total \$'000
<b>2011</b>					
<b>Economic Entity</b>					
Balance at the beginning of the year	368	93	70	-	531
Additions	65	5	12	-	82
Disposals	(2)	-	-	-	(2)
Depreciation and amortisation expense	<u>(139)</u>	<u>(26)</u>	<u>(66)</u>	<u>-</u>	<u>(231)</u>
Carrying amount at the end of the year	<u>292</u>	<u>72</u>	<u>16</u>	<u>-</u>	<u>380</u>
<b>2010</b>					
<b>Economic Entity</b>					
Balance at the beginning of the year	306	109	168	-	583
Additions	205	13	12	-	230
Disposals	(2)	-	(1)	-	(3)
Depreciation and amortisation expense	<u>(141)</u>	<u>(29)</u>	<u>(109)</u>	<u>-</u>	<u>(279)</u>
Carrying amount at the end of the year	<u>368</u>	<u>93</u>	<u>70</u>	<u>-</u>	<u>531</u>

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
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	Economic Entity	
	2011 \$'000	2010 \$'000
<b>NOTE 11: INTANGIBLE ASSETS</b>		
<b>Non-Current</b>		
Goodwill at cost	2,970	2,970
Website	84	-
	<u>3,054</u>	<u>2,970</u>

(a) Goodwill

(i) Impairment tests for goodwill

Goodwill is allocated to the economic entity's Cash Generating Units (CGUs) defined according to business segment and country of operation.

A segment level summary of the goodwill allocation is presented below:

	Australia \$'000	New Zealand \$'000	Total \$'000
<b>2011</b>			
Lifestyle Entertainment	1,963	-	1,963
Professional	963	-	963
New Zealand	-	44	44
	<u>2,926</u>	<u>44</u>	<u>2,970</u>
<b>2010</b>			
Lifestyle Entertainment	1,963	-	1,963
Professional	963	-	963
New Zealand	-	44	44
	<u>2,926</u>	<u>44</u>	<u>2,970</u>

(ii) Key assumptions for value in use calculations

The recoverable amount of each CGU is determined based on value in use calculations. Value in use is calculated based on the present value of cash flow projections over a 5 year period plus a terminal value based on a detailed financial budget approved by management and the board of directors. The cash flows are discounted using the post tax weighted average cost of capital at the beginning of the budget period.

The following assumptions were used in the value in use calculations:

CGU	Sales Growth Rate		Average Growth Rate		Discount Rate	
	2011	2010	2011	2010	2011	2010
Lifestyle Entertainment	3.00%	7.40%	16.00%	4.60%	11.30%	12.10%
Professional	3.00%	1.00%	3.90%	1.00%	11.30%	12.10%
New Zealand	3.00%	3.90%	-0.50%	11.00%	11.30%	12.10%

The average growth rates applied in the cash flow projections represent management's best estimate of likely economic conditions for the forecast period.

(iii) Impact of possible changes in key assumptions

In determining the value in use of a CGU, management applied sensitivity analysis to the discount rate to ensure that the recoverable amount of the CGU's exceeds its carrying amount. Discount rates between 10.46% and 12.10% (2010: 11.12% and 12.99%) were used for this purpose.

Management does not consider a change in any of the key assumptions, that would cause a CGUs carrying amount to exceed the recoverable amount, to be reasonably likely.

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
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		Economic Entity	
		2011	2010
		\$'000	\$'000
<b>NOTE 11: INTANGIBLE ASSETS (continued)</b>			
<b>Non-Current</b>			
(b) Website - at cost		125	-
Less accumulated amortisation		<u>(41)</u>	<u>-</u>
		<u>84</u>	<u>-</u>
<b>Reconciliation of written down values:</b>	<b>Website</b>		
	<b>\$'000</b>		
Opening balance at 1 July 2010	-		
Additions	125		
Amortisation expense	<u>(41)</u>		
Closing balance at 30 June 2011	<u>84</u>		
<b>NOTE 12: TRADE AND OTHER PAYABLES</b>			
<b>Current</b>			
Trade accounts payable		7,320	3,035
Other accounts payable		<u>2,173</u>	<u>2,257</u>
		<u>9,493</u>	<u>5,292</u>
<b>Amounts payable in foreign currencies:</b>			
Trade accounts payable:			
- US Dollars		1,398	1,427
- British Pound		375	391
- Euro		79	38
- Swiss Francs		185	142
- New Zealand Dollars		140	342
- Japanese Yen		<u>56</u>	<u>-</u>
		<u>2,233</u>	<u>2,340</u>
<b>NOTE 13: OTHER FINANCIAL LIABILITIES</b>			
<b>Current</b>			
Bills payable (a)		<u>3,000</u>	<u>4,700</u>
		<u>3,000</u>	<u>4,700</u>

Details of the economic entity's exposure to interest rate changes on other financial liabilities are outlined in note 24.

The fair value of the financial liabilities approximates their carrying value.

(a) Bills payable

Bills payable are a part of a multi-option borrowing facility that includes flexible overdraft and commercial bill components. The economic entity breached its covenants in relation to the facility during the year, and as a result the facility was subject to review by the lenders when it expired on 15 July 2011. A new facility has been successfully negotiated and a letter of offer dated 12 August 2011 signed on behalf of the Board. The new facility has an expiry date of 31 July 2012.

The facility is secured by a charge over the assets of Amber Technology Limited. Guarantees are in place to a limit of \$6,500,000 (2010:\$6,500,000). The value of assets at balance date is \$32,952,000 (2010: \$29,780,000).

**AMBERTECH LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	Economic Entity	
	2011 \$'000	2010 \$'000
<b>NOTE 14: PROVISIONS</b>		
<b>Current</b>		
Service warranty	244	228
Make good provision	210	-
Employee benefits	<u>674</u>	<u>739</u>
	<u>1,128</u>	<u>967</u>
<b>Non Current</b>		
Make good provision	-	60
Employee benefits	<u>804</u>	<u>751</u>
	<u>804</u>	<u>811</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) Make good provision

The company is required to restore the leased premises at Frenchs Forest to their original condition at the time of leaving the premises. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements.

(c) Movements in provisions

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

	Service warranty \$'000	Make good provision \$'000	Total \$'000
Opening balance at 1 July 2010	228	60	288
Additional provision recognised	264	150	414
Reductions resulting from payments	<u>(248)</u>	<u>-</u>	<u>(248)</u>
Closing balance at 30 June 2011	<u>244</u>	<u>210</u>	<u>454</u>

**NOTE 15: SHARE CAPITAL**

	Economic Entity		Economic Entity	
	2011 Shares	2010 Shares	2011 \$'000	2010 \$'000
Ordinary Shares fully paid (no par value)	<u>30,573,181</u>	<u>30,598,181</u>	<u>11,138</u>	<u>11,146</u>
Details		No of shares	Issued price	\$'000
Balance 30 June 2010		30,598,181		11,146
Shares bought back 18 March 2011		<u>(25,000)</u>	\$0.335	<u>(8)</u>
Balance 30 June 2011		<u>30,573,181</u>		<u>11,138</u>

**Share Buy Back**

On 2 September 2005, the company announced an on-market buy back of up to 1,543,150 ordinary shares on issue. The buy back is a part of the company's capital management and is designed to improve shareholder returns. During the year ended 30 June 2011 the company bought back 25,000 (2010: Nil) shares.

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	<b>Economic Entity</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>NOTE 16: RESERVES</b>		
Foreign currency translation reserve (a)	(144)	(92)
Share based payments reserve (b)	28	86
	<u>(116)</u>	<u>(6)</u>

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

(b) Share based payments reserve

The share based payments reserve is used to recognise the fair value of options issued but not exercised.

	<b>Economic Entity</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>NOTE 17: CAPITAL &amp; LEASING COMMITMENTS</b>		
(a) Operating lease commitments		
Payable:		
Not later than 1 year	986	1,407
Later than 1 year but not later than 5 years	342	1,274
Minimum lease payments	<u>1,328</u>	<u>2,681</u>

The Frenchs Forest property lease is a non-cancellable lease ending on 31 March 2012, 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 by 3.5%, 5% and 5% per annum.

On 7 June 2010, the Board announced that it had signed a deed of agreement for a 10 year lease of new premises at the completion of the lease at Frenchs Forest. Amounts relating to this lease have not been included in the operating lease commitments above because at the date of signing the financial report, the development schedule does not allow the Board to accurately determine the commencement date for this lease.

	<b>Economic Entity</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
(b) Capital expenditure commitments		
Capital expenditure commitments contracted for:		
Website developments		
Payable:		
Not later than 1 year	<u>-</u>	<u>25</u>

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Economic Entity	
2011	2010
\$'000	\$'000

**NOTE 18: CONTINGENT LIABILITIES**

Estimates of the maximum amounts of contingent liabilities that may become payable:

- Bank guarantees by Amber Technology Limited in respect of various property leases

540	336
540	336

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

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

Since the end of the financial year, no matters have arisen which significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the 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	
2011	2010
\$	\$

**Summary**

- Short term employee benefits	1,292,931	1,360,519
- Post employment benefits	104,364	107,830
- Share based payments	11,139	33,192
	1,408,434	1,501,541

*Transactions with related parties*

The following transactions occurred with related parties:

- Payment for services from associate	60,000	60,000
---------------------------------------	--------	--------

The company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and information required to be disclosed by AASB 124 paragraphs Aus25.4 to Aus 25.7.2 in respect of the remuneration of key management personnel is presented in the Directors' Report.

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**NOTE 21: SHARE BASED PAYMENT ARRANGEMENTS**

The Board may determine the executives and eligible employees who are entitled to participate. The options expire 5 years after vesting or earlier in the event of dismissal, death, termination, redundancy or retirement of the employee.

During the financial year, 200,000 options lapsed (2010: 325,000) and no options were forfeited (2010: Nil). There were no options exercised during the financial year.

The fair value of the options as at the date issued was determined with reference to the market price.

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 the bonus issue as a holder of ordinary shares.

	Number of Options over Ordinary Shares	
	2011	2010
<b>Employee Share Option Plan</b>		
Held by employees at the beginning of the year	425,000	750,000
Held by employees at the end of the year	225,000	425,000
Exercisable at the end of the year	225,000	425,000

Set out below are summaries of options granted under the plan:

	Date Granted	Exercise Period Start	Exercise Period Finish	Exercise Price	Balance at start of year	Lapsed/ Forfeited during year	Balance at end of year	Exercisable at end of year
<b>2011</b>								
	7/12/2004	30/09/2005	30/09/2010	\$1.20	125,000	(125,000)	-	-
	7/12/2004	31/12/2005	31/12/2010	\$1.20	25,000	(25,000)	-	-
	7/12/2004	31/03/2006	31/03/2011	\$1.20	25,000	(25,000)	-	-
	7/12/2004	30/06/2006	30/06/2011	\$1.20	25,000	(25,000)	-	-
	7/12/2004	30/09/2006	30/09/2011	\$1.35	125,000	-	125,000	125,000
	7/12/2004	30/09/2007	30/09/2012	\$1.35	100,000	-	100,000	100,000
					<u>425,000</u>	<u>(200,000)</u>	<u>225,000</u>	<u>225,000</u>
Weighted average exercise price					<u>\$1.28</u>	<u>\$1.20</u>	<u>\$1.35</u>	<u>\$1.35</u>
<b>2010</b>								
	7/12/2004	7/12/2004	7/12/2009	\$1.20	250,000	(250,000)	-	-
	7/12/2004	31/12/2004	31/12/2009	\$1.20	25,000	(25,000)	-	-
	7/12/2004	31/03/2005	31/03/2010	\$1.20	25,000	(25,000)	-	-
	7/12/2004	30/06/2005	30/06/2010	\$1.20	25,000	(25,000)	-	-
	7/12/2004	30/09/2005	30/09/2010	\$1.20	125,000	-	125,000	125,000
	7/12/2004	31/12/2005	31/12/2010	\$1.20	25,000	-	25,000	25,000
	7/12/2004	31/03/2006	31/03/2011	\$1.20	25,000	-	25,000	25,000
	7/12/2004	30/06/2006	30/06/2011	\$1.20	25,000	-	25,000	25,000
	7/12/2004	30/09/2006	30/09/2011	\$1.35	125,000	-	125,000	125,000
	7/12/2004	30/09/2007	30/09/2012	\$1.35	100,000	-	100,000	100,000
					<u>750,000</u>	<u>(325,000)</u>	<u>425,000</u>	<u>425,000</u>
Weighted average exercise price					<u>\$1.25</u>	<u>\$1.20</u>	<u>\$1.28</u>	<u>\$1.28</u>

The weighted average remaining contractual life of share options outstanding at the end of the period was 0.70 years (2010: 1.11 years).



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**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

2011	Professional \$'000	Lifestyle Entertainment \$'000	New Zealand \$'000	Eliminations \$'000	Economic Entity \$'000
<b>Revenue</b>					
- Total segment revenue	26,238	38,385	2,060	-	66,683
- Inter-segment revenue	251	-	-	(251)	-
Revenue from external customers	<u>26,489</u>	<u>38,385</u>	<u>2,060</u>	<u>(251)</u>	<u>66,683</u>
<b>Result</b>					
- Segment EBIT	<u>846</u>	<u>306</u>	<u>(164)</u>	<u>-</u>	<u>988</u>
- Unallocated/corporate result					<u>(389)</u>
- EBIT					599
- Net interest and finance costs					<u>(441)</u>
- Profit before income tax					158
- Income tax expense					<u>(32)</u>
- Profit for the year					<u>126</u>
<b>Assets</b>					
- Segment Assets	<u>12,099</u>	<u>16,644</u>	<u>1,271</u>	<u>-</u>	30,014
- Unallocated/corporate assets					<u>4,445</u>
- Total assets					<u>34,459</u>
<b>Liabilities</b>					
- Segment Liabilities	<u>6,653</u>	<u>2,879</u>	<u>278</u>	<u>-</u>	9,810
- Unallocated/corporate liabilities					<u>4,667</u>
- Total liabilities					<u>14,477</u>
<b>Other</b>					
- Acquisition of non current segment assets	81	122	4	-	<u>207</u>
					<u>207</u>
- Depreciation and amortisation of segment assets	105	158	9	-	<u>272</u>
					<u>272</u>

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NOTE 22: SEGMENT REPORTING (continued)

2010	Professional \$'000	Lifestyle Entertainment \$'000	New Zealand \$'000	Eliminations \$'000	Economic Entity \$'000
<b>Revenue</b>					
- Total segment revenue	21,446	40,871	3,871	-	66,188
- Inter-segment revenue	164	-	-	(164)	-
Revenue from external customers	<u>21,610</u>	<u>40,871</u>	<u>3,871</u>	<u>(164)</u>	<u>66,188</u>
<b>Result</b>					
- Segment EBIT	<u>302</u>	<u>1,523</u>	<u>155</u>	-	<u>1,980</u>
- Unallocated/corporate result					<u>677</u>
- EBIT					2,657
- Net interest and finance costs					<u>(374)</u>
- Profit before income tax					2,283
- Income tax expense					<u>(677)</u>
- Profit for the year					<u>1,606</u>
<b>Assets</b>					
- Segment Assets	<u>7,087</u>	<u>18,748</u>	<u>1,700</u>	-	27,535
- Unallocated/corporate assets					<u>4,438</u>
- Total assets					<u>31,973</u>
<b>Liabilities</b>					
- Segment Liabilities	<u>2,099</u>	<u>2,835</u>	<u>583</u>	-	5,517
- Unallocated/corporate liabilities					<u>6,399</u>
- Total liabilities					<u>11,916</u>
<b>Other</b>					
- Acquisition of non current segment assets	84	125	21	-	<u>230</u>
					<u>230</u>
- Depreciation and amortisation of segment assets	107	161	11	-	<u>279</u>
					<u>279</u>

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

(c) Segment information on geographical region

Geographical Location	Segment Revenues from Sales to External Customers		Carrying Amount of Segment Assets		Acquisition of Non- Current Assets	
	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
- Australia	64,623	62,317	28,743	25,835	204	209
- New Zealand	2,060	3,871	1,271	1,700	3	21
	<u>66,683</u>	<u>66,188</u>	<u>30,014</u>	<u>27,535</u>	<u>207</u>	<u>230</u>

(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. 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.

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Economic Entity	
2011	2010
\$'000	\$'000

**NOTE 23: 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	<u>3,131</u>	<u>3,087</u>
	<u>3,134</u>	<u>3,090</u>

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

Profit for the year	126	1,606
Depreciation and amortisation	272	279
Net loss on disposal of plant and equipment	1	3
Foreign exchange losses/(gains)	57	(803)
Non-cash share based payments	12	(185)
Changes in operating assets and liabilities		
(Increase)/Decrease in trade and other receivables	(5,344)	3,197
Decrease/(Increase) in inventories	2,480	(1,806)
Decrease in tax receivable	368	249
Increase/(Decrease) in payables	4,173	(1,044)
Increase in provisions	160	158
(Increase)/Decrease in deferred taxes	<u>(182)</u>	<u>56</u>
Net cash provided by operating activities	<u>2,123</u>	<u>1,710</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.

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**Economic Entity**  
**2011**                      **2010**  
**\$'000**                      **\$'000**

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

The ageing of trade receivables at the reporting date was:

Not past due	8,530	3,187
Past due up to 30 days	3,571	3,179
Past due 31-60 days	442	408
Past due 61 days and over	<u>135</u>	<u>603</u>
Total trade receivables not impaired	12,678	7,377
Trade receivables impaired	<u>26</u>	<u>121</u>
Total trade receivables	<u>12,704</u>	<u>7,498</u>

The economic entity does not have other receivables which are past due (2010: 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 banking 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 bank facilities.

The economic entity monitors liquidity risk by maintaining adequate cash reserves and banking 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:

	<b>Contractual Cash Flows</b>				<b>Total \$'000</b>
	<b>Less than 3 months \$'000</b>	<b>3 to 6 months \$'000</b>	<b>6 to 12 months \$'000</b>	<b>More than 12 months \$'000</b>	
<b>Economic Entity</b>					
2011					
Trade and other payables	9,493	-	-	-	9,493
Commercial Bills	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
	<u>12,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,493</u>
<b>Economic Entity</b>					
2010					
Trade and other payables	5,292	-	-	-	5,292
Commercial Bills	<u>4,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,700</u>
	<u>9,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,992</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.

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

**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 economic entity operates internationally and is primarily exposed to currency risk on inventory purchases denominated in a currency other than the functional currency of the economic entity. Where appropriate, the economic entity uses forward exchange contracts to manage its foreign currency exposures.

The board has adopted a policy requiring management of the foreign exchange risk against the functional currency. The economic entity is required to hedge the exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts. The amount of foreign currency denominated payables outstanding at balance date is disclosed at note 12.

In order to protect against exchange rate movements, the economic entity has entered into forward foreign exchange contracts. These contracts are hedging highly probably forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge between 50% and 80% of anticipated foreign currency transactions for the subsequent 3 months.

The maturity, settlement amounts and the average contractual exchange rates of the economic entity's outstanding forward foreign exchange contracts at the reporting date was as follows:

	Sell Australian dollars		Average exchange rates	
	2011	2010	2011	2010
	\$'000	\$'000		
Buy US dollars				
Maturity:				
0-3 months	1,903	3,045	1.0509	0.8868
3-6 months	-	623	-	0.8023
Buy EUR dollars				
Maturity:				
0-3 months	-	579	-	0.6912
Buy JPY dollars				
Maturity:				
0-3 months	-	728	-	82.5750
Buy CHF dollars				
Maturity:				
0-3 months	-	51	-	0.9771

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%	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Impact on profit	48	456	(9)	(348)
Impact on equity	48	456	(9)	(348)

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

Interest Rate Risk

The economic entity has a borrowing facility which allows the group to utilise a combination of commercial bills and overdraft facilities to minimise its interest costs whilst maintaining the flexibility to accommodate short term working capital requirements that may vary from time to time. By converting overdraft to commercial bill debt, interest rates are effectively converted from variable to fixed rates for the term of the bill. 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	
		2011	2010	2011	2010
		%	%	\$'000	\$'000
Commercial Bills	13	4.91%	5.10%	3,000	4,700

The following table demonstrates the impact on the profit and equity of the economic entity if the average interest rate on the multi option borrowing facility had either increased or decreased by 1%, which management consider to be reasonably possible over the whole year ending 30 June 2011, with all other variables remaining constant:

	Increase of 1% of average interest rate		Decrease of 1% of average interest rate	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Impact on profit	(44)	(43)	44	43
Impact on equity	(44)	(43)	44	43

**Net Fair Values**

The net fair values of assets and liabilities approximates 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. Dividend payout for the year ended 30 June 2011 is 242.8% (2010: 66.7%).

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



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	Economic Entity	
	2011	2010
<b>NOTE 25: EARNINGS PER SHARE</b>		
<b>Basic earnings per share (cents)</b>	<u>0.4</u>	<u>5.2</u>
Weighted average number of ordinary shares (number)	<u>30,590,832</u>	<u>30,598,181</u>
Earnings used to calculate basic earnings per share (\$)	<u>126,000</u>	<u>1,606,000</u>
<b>Diluted earnings per share (cents)</b>	<u>0.4</u>	<u>5.2</u>
Weighted average number of ordinary shares (number)	<u>30,590,832</u>	<u>30,598,181</u>
Earnings used to calculate diluted earnings per share (\$)	<u>126,000</u>	<u>1,606,000</u>

(a) The effect of the Executive Share Option Plan options on issue is not considered dilutionary because based on conditions at the date of this report, it is considered unlikely that these options would be converted into ordinary shares.

**NOTE 26: DIVIDEND FRANKING CREDITS**

In respect of dividends first recognised as a liability during the period or paid in the period without previously being recognised as a liability

Dividends that have been fully franked:

Amount in aggregate (\$'000)	153	1,683
Cents per share	0.05	5.5
Tax rate	30%	30%
Amount of franking credits available for subsequent reporting periods (\$'000)	<u>6,139</u>	<u>6,001</u>

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

Economic Entity	
2011	2010
\$	\$

**NOTE 27: AUDITORS' REMUNERATION**

During the year the following fees were paid or payable for services provided by the auditor of the parent and its related practices:

**Audit services**

PKF

Audit and review of financial reports, and other work under the Corporations Act 2001.

124,560	130,290
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Related practices of PKF

Audit or review of financial reports of subsidiary

<u>10,000</u>	<u>10,000</u>
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Total remuneration for audit services

<u>134,560</u>	<u>140,290</u>
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**Non-audit services**

PKF

Tax compliance services, including review of company income tax returns

<u>18,035</u>	<u>27,870</u>
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Total remuneration for non-audit services

<u>18,035</u>	<u>27,870</u>
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It is the economic entity's policy to employ PKF on assignments additional to their statutory audit duties where PKF's expertise and experience with the economic entity are important. These assignments are principally tax advice or where PKF is awarded assignments on a competitive basis.

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

	Parent Entity	
	2011	2010
	\$'000	\$'000

**NOTE 28: PARENT ENTITY INFORMATION**

Information relating to Ambertech Limited (parent entity):

- Current Assets	11,009	11,161
- Total Assets	15,567	15,718
- Current Liabilities	1,462	1,462
- Total Liabilities	1,462	1,462
- Share capital	11,138	11,146
- Share based payments reserve	28	86
- Retained earnings	<u>2,939</u>	<u>3,024</u>
(Loss) / Profit of the parent entity	(2)	173
Total comprehensive income of the parent entity	<u>(2)</u>	<u>173</u>

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

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In the directors' opinion:

- a. the financial statements and notes are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the economic entity's and parent entity's financial position as at 30 June 2011 and of their performance for the financial year ended on that date; and
- b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- c. the remuneration disclosures set out in the Directors' Report comply with Accounting Standard AASB 124 Related Party Disclosures and the Corporations Regulations 2001 for the financial year ended 30 June 2011.

The directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011.

The financial statements also comply with International Financial Reporting Standards as disclosed in note 2(a).

This declaration is made in accordance with a resolution of the directors.



Director:

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P F Wallace



Director:

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P A Amos

Dated this 26th day of August 2011.

Sydney



# Shareholder Information



# Shareholder Information

## a. Distribution of equity security by size of holding:

			<b>Number of shareholders</b>	<b>Number of Ordinary Shares</b>	<b>% of total capital</b>
1	-	1,000	79	72,687	0.24
1,001	-	5,000	102	359,521	1.18
5,001	-	10,000	59	518,829	1.70
10,001	-	100,000	92	2,955,095	9.67
100,001	and	over	24	26,667,049	87.22
<b>Total</b>			<b>356</b>	<b>30,573,181</b>	<b>100.00</b>

The number of security investors holding less than a marketable parcel of 2,222 securities is 104 and they hold 116,107 securities.

## b. Equity Security Holders:

The twenty largest shareholders as at 29 September 2011 were:

<b>Rank</b>	<b>Twenty largest holders</b>	<b>Number of shares</b>	<b>% of total capital</b>
1	Crowton Pty Ltd (Amos Super Fund)	3,231,681	10.57
2	Howbay Pty Ltd	2,883,556	9.43
3	Wavelink Systems Pty Ltd	2,784,625	9.11
4	Wavelink Systems Pty Ltd (Employee Super Fund)	2,650,000	8.67
5	Kestrel Capital Pty Limited (Kestrel Secondaries Fund 1)	2,644,802	8.65
6	Nanyang Australia Limited	2,000,464	6.54
7	Wygrin Pty Ltd	1,699,556	5.56
8	Appwam Pty Limited	1,500,000	4.91
9	Kestrel Capital Pty Ltd (ATF Kestrel Sec Fund 1)	1,475,865	4.83
10	Wygrin Pty Ltd (Wygrin Pension Fund)	1,296,270	4.24
11	Crowton Pty Limited	1,082,162	3.54
12	JH Nominees Australia Pty Ltd (Harry Family Super Fund A/C)	940,758	3.08
13	Mr Joseph Grech	413,045	1.35
14	Mr Ralph McCleery	357,599	1.17
15	Mr Joseph Paul Grech & Ms Deborah Lee Grech	333,261	1.09
16	Dorran Pty Ltd	220,000	0.72
17	Realcal Pty Ltd	200,000	0.65
18	Mr Stephen Rodney Hariono	166,835	0.55
19	Wallace Capital Pty Ltd	152,600	0.50
20	Velkov Funds Management Limited	150,000	0.49
		<b>26,183,079</b>	<b>85.64</b>

Source: Link Market Services

### c. Substantial Shareholders:

Substantial shareholders with a relevant interest of 5% or more of total issued shares, based on notifications provided to the company under the Corporations Act 2001 include:

Shareholder	Number of shares	% of total capital
Kestrel Capital Pty Limited	6,268,868	20.50
Wavelink Systems Pty Ltd	5,484,625	17.94
Crowton Pty Limited	4,313,843	14.11
Wygrin Pty Ltd	2,995,826	9.80
Howbay Pty Ltd	2,883,556	9.43

### d. On-Market Buy Back:

On 2 September 2005, the company lodged an Appendix 3C announcing an on-market buy-back of up to 1,543,150 ordinary shares on issue. On 28 September 2006 the company lodged an Appendix 3D amending the buy-back duration to unlimited. The company has not lodged an Appendix 3F to finalise the buy back as at 30 September 2011.

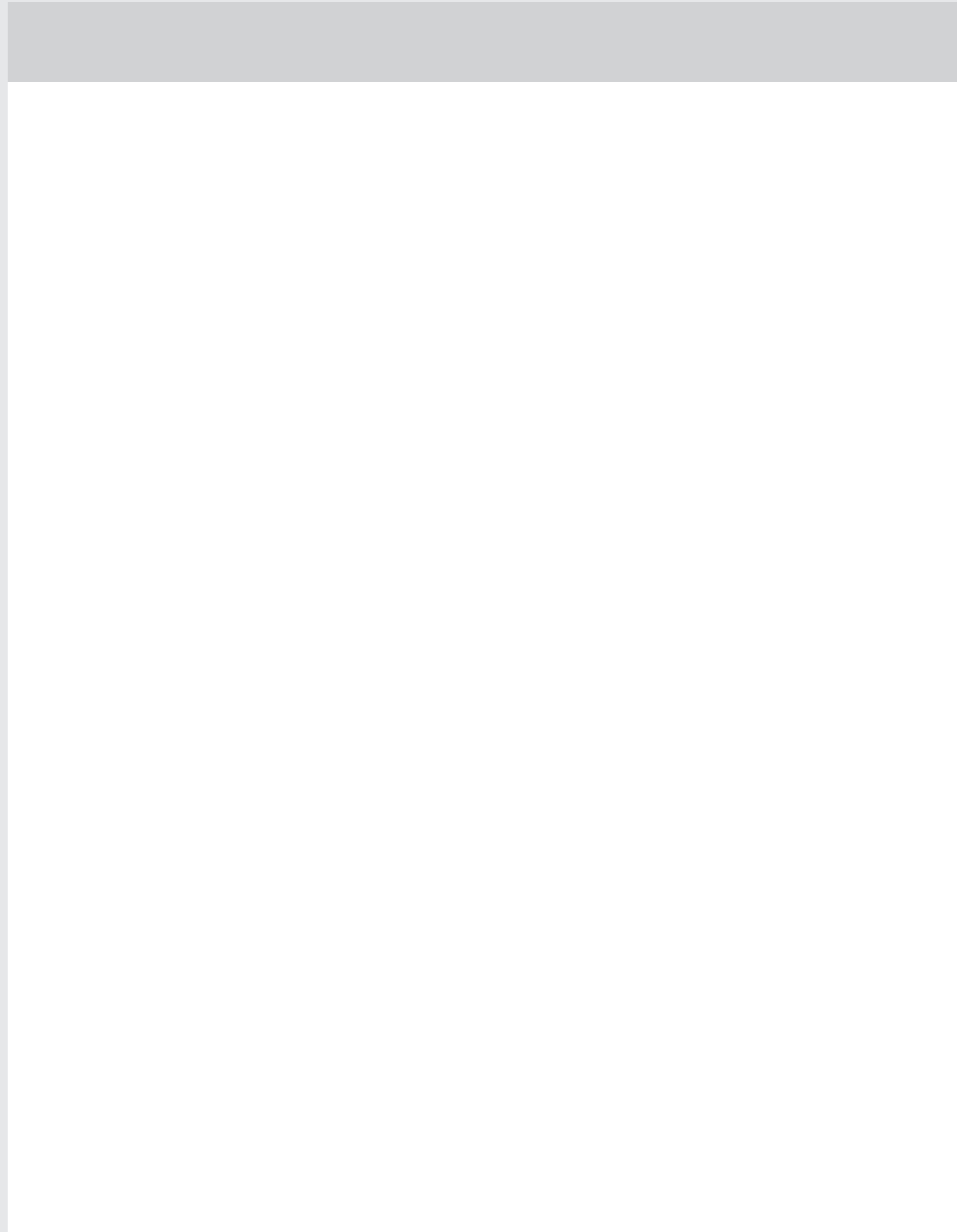
The buy back is a part of the company's capital management and is designed to improve shareholder returns. During the year ended 30 June 2011, 25,000 shares were bought back by the company.

### e. 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.



## Notes



# Corporate Directory



# Corporate Directory

**Ambertech Limited**

ACN 079 080 158

**Directors**

Chairman – Non-Executive Director  
Managing Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director

Peter Francis Wallace  
Peter Andrew Amos  
Thomas Robert Amos  
Edwin Francis Goodwin  
David Rostil Swift

**Company Secretary**

Robert John Glasson

**Registered Office**

Unit B 5 Skyline Place  
Frenchs Forest NSW 2086  
Tel: 61 2 9452 8600  
Fax: 61 2 9975 1368

**Accountants and Auditors**

PKF Chartered Accountants and Business Advisors  
Level 10, 1 Market Street  
Sydney NSW 2000

**Share Registry**

Link Market Services  
Locked Bag A14  
Sydney South NSW 1235  
or  
Level 12, 680 George Street  
Sydney NSW 2000  
Tel: 02 8280 7111

**Stock Exchange Listing**

Australian Stock Exchange  
ASX Code: AMO

PO Box 942 Brookvale  
NSW 2100 Australia

Unit B 5 Skyline Place  
Frenchs Forest NSW 2086

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