



# ANNUAL REPORT

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# MISSION STATEMENT

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**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 stake holders through our proven ability to integrate, implement and commercialise existing and emerging technologies.

# CONTENTS

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1. Letter to Shareholders
2. Our Business and Brands
3. Professional Segment
4. Lifestyle Entertainment Segment
5. Financial Report
6. Shareholders Information
7. Corporate Directory



# LETTER TO SHAREHOLDERS

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## Dear Shareholders

On behalf of your Board and executive management we would like to present you with your 2019 Annual Report. Trading conditions during the financial year were difficult and this is reflected in the less than satisfactory result.

This result conceals the continued progress being made on business transformation by the Ambertech management team.

### The main factors contributing to the 2019 result were:

- The continued decline in sales of AV receivers/amplifiers via the Consumer Electronics (CE) retail market. Despite maintaining a strong market position in this category with our Onkyo brand, the AV receiver/amplifier business appears now to be in a declining product life cycle;
- Margin reduction across the business, including the CE retail, residential and commercial installation markets and the professional AV dealer-based markets. This was magnified by a falling Australian Dollar against the currencies of our major suppliers;
- Increase in outbound freight costs, primarily attributed to the buying patterns of the CE retailers for lower cost items;
- Generally higher costs associated with servicing the CE retail market, including returns, rebates and in some cases managing the risk associated with the consignment of inventory;
- Inconsistency of timing of product supply from one of our major Music Industry (MI) suppliers; and
- Significant market disruption in the form of State and Federal Election activity during the second half of the financial year.

### There were several positives during the financial year which reflect the ongoing transformation of the Ambertech distribution model. These include:

- Significant growth (35.9%) in the Professional segment revenue. This growth is a consequence of the continued focus on areas where we can apply our value add through sales, marketing and engineering resources;
- Growth (14.5%) in recurring revenues from support contracts, including multi-year offerings. Future contracted revenue at balance date has also grown by more than 17%;
- Expansion in our dealer-based business as we continue to enlarge our product offering in the various channels we supply. We have seen strong growth in the MI and commercial installation markets as we increasingly become a supplier of choice, leveraging our strong brand management team; and
- Improved performance of the New Zealand operation as we continue to streamline costs and develop our customer base.



There remains substantial opportunity for growth within the current business infrastructure, and the Ambertech Board and management continue to focus on opportunities from within existing agencies, as well as the potential for new agency or business acquisition. There is also a significant opportunity to improve our results through the more efficient management of working capital. Efforts are being made in the areas of inventory management to assist with this goal. It is anticipated that the costs associated with funding the business could be reduced significantly with a reduced reliance on debt.

Results from our sales efforts in Defence, Law Enforcement and Security related projects have thus far been hampered somewhat by project timelines. We have been awarded several projects where the supply time remains uncertain, however we anticipate a strong result from this area of the business in the 2020 financial year.

The pipeline for project business with our media systems partners is substantial, and we anticipate continued success in the area for the 2020 financial year. We hope to be in the position to make some positive announcements on major contracts in the coming months.

We have a clear focus for the new financial year on margin restoration, cost control and customer satisfaction.

On behalf of the Board of Ambertech Limited.

Peter Wallace  
*Chairman*

Peter Amos  
*Managing Director*

# OUR BUSINESS

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Our business segments operate across both the Australian and New Zealand markets.

## PROFESSIONAL SEGMENT

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### **Media Systems**

The Media Systems team works with traditional television and radio broadcast industry as well as new media partners in diverse industries such as law enforcement and defence, sport, large scale events and education. From content creation and acquisition, delivery, processing and asset management, Amber Technology can offer turnkey packages for creating, delivering and managing all types of media content.

### **Professional Products**

Amber's Professional Products group has a strong reputation as a preferred supplier of high technology equipment for live sound in many different industry segments, including touring artists, live stage shows, film and television productions, broadcast news and sports, through to smaller sound installations in education facilities, houses of worship and smaller venues.

## LIFESTYLE ENTERTAINMENT SEGMENT

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### **Integrated Solutions**

The Integrated Solutions team offers cohesive systems for the custom installation and professional installation markets, with a portfolio of high end audio visual and infrastructure brands for residential and commercial installation projects. Customers typically engage the services of a professional installer for a full turnkey solution.

### **Major Retail**

The Major Retail division works with home electronics retailers nationally, mass markets retail chains and independent specialist outlets to supply home entertainment solutions for consumers in the residential market. Our focus is on offering a comprehensive selection of high end audio visual and accessory brands for end users.

# OUR BRANDS

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AC Infinity	David Horn Communications	LunaStone	Silvus Technology
Accent Audio	Dell EMC	Mackie	Solid State Logic
Accent Visual	Digital Projection	Middle Atlantic	Sonance
Accent Acoustics	DPA Microphones	MP Antennas	Sonarray
Advanced Network Telemetry	Dynaudio Professional	Neets	SAM Snell Advanced Media / Grass Valley
Aja	Embrionix	Neutrik	Spectra Logic
Ambertec Cables	Emotion Systems	Newline Interactive	SurgeX
Apart Audio	EVS	Newtek	T-Rex Effects
Apogee	Framus Guitars	Nexidia	Tannoy
Arista	GB Labs	NHT	TC Electronic
Ateme	Gefen	Niveo Professional	TC Helicon
AudioQuest	Haivision	NTi Audio	Tecxus
Autoscript	HDAnywhere	NuVo	Teradek
Avid	Hercules	One For All	Telestream
Aviwest	Integra	Onkyo	Tonebone
Avonic	iPort	Optoma	Troll Systems
BATS Wireless	Jet City Amplification	Panasonic	Van Damme
Blue Lucy	JTS Microphones	Peterson	Videssence
Canare	Launchport	Plura	Vinten
Cioks	Learning Glass	Primacoustic	Vipranet
Contacta	Lenco	Proel	Warwick Basses
Cordial	Leon Speakers	Radial Engineering	Well Av
CP Cases	Liberty AV	Rean	
DALI	Litepanels	Rockboard	





National Aerial Firefighting Centre  
Installation of Silvus radios



AVID Newsroom event  
hosted by Amber Technology



Melbourne  
Guitar Show Display



Brand Managers at  
ENTECH Road Show

# PROFESSIONAL SEGMENT

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Our Professional Segment includes teams dedicated to servicing the Professional, Media Systems and Defence, Law Enforcement and Security (DLES) markets in Australia and New Zealand.

The major media organisations continue to look for ways to compete in what is an increasingly crowded market. The competition is not only affecting traditional broadcasters, with there now being over 20 streaming services available in Australia, the battle for customers has extended across all delivery platforms. The changes within the television industry of last year evolved to become a consolidation across all aspects of media, television, print and radio, as well as a focus on core assets with many subsidiary operations offloaded. This consolidation is literal – a merging of companies as well as facilities.

While these many changes brought a level of uncertainty to many of our clients at various times of the year, overall our broadcast business was stronger. Significant sales were driven through the adoption of new technology required to provide the efficiencies in operation that business consolidations were aiming to achieve, with Amber ideally placed to capitalise on this with our exceptional portfolio of integrated media solutions.

Our Technical Services Group once again proved to be very valuable, helping us to not only grow revenue in services provision, but also helping customers to choose us for their ongoing programs. Business opportunities have also expanded through the signing of a number of new supply agreements and extending the scope of some existing agreements.

The Media Systems group continue to have a strong sales pipeline that includes a number of large-scale projects including major system refreshes and new facility builds.

A major milestone of this year was almost certainly the selection by the National Aerial Firefighting Centre (NAFC) of Silvus Technologies Meshing data radios as the technology of choice for aerial networking. This complex concept delivers a mobile network that allows commanders and ground crews engaged in bushfire fighting activities to remain connected even when cellular and regular radio services are absent or compromised.

The potential of this development is significant, and installations in West Australia and the ACT are ready to engage with this year's fire season, hopefully illustrating

to other states the power of the technology. The Amber team have been very active installing and commissioning systems and delivering training courses to crews ready for deployment.

The increased acceptance of Silvus Technologies in the Defence Law Enforcement and Security arena has allowed us to engage several key resellers in these areas. This should allow us to expand the sales base without placing undue strain on the resources at Amber itself.

We were also able to announce an exclusive distribution arrangement with Haivision in the Video Encoder space for the DLES market. Haivision are the pre-eminent player in video encoding and distribution for security applications and we look forward to some significant sales in that area.

Major brands in the MI retail market - TC Electronic, DPA Microphones, Radial Engineering, Mackie and Warwick, continue to provide strong sales growth. These brands continued to innovate and provide products that the market requires.

The Neutrik and Canare brands continue to provide innovative and high-quality products for the live sound, AV installation and broadcast sectors.

NTi Audio continues to offer ever-expanding solutions for test and measurement solutions for acoustics, audio and vibration applications. Consultants are embracing this brand for measurement of Evacuation, Noise Measurement, Building Acoustics and Quality Control.

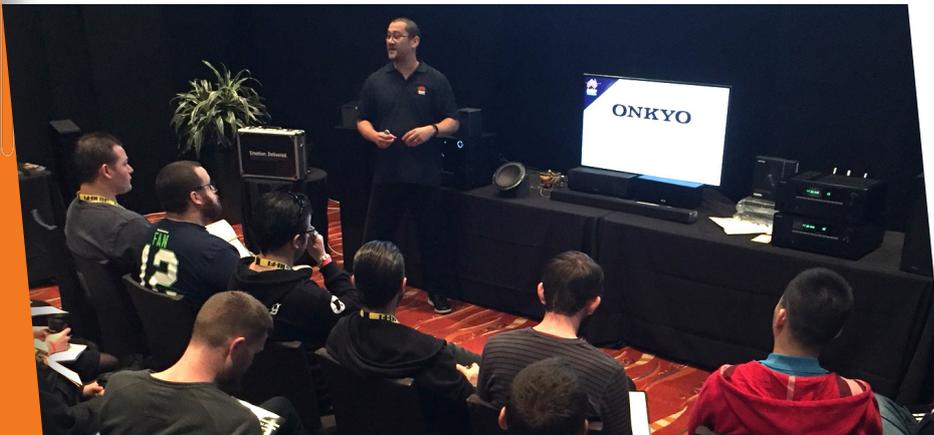
This year saw the launch of a major MI retail chain. This has been absent from this market for many years. The MI Retail sector has also embraced the online sales channel with Dealer-based ecommerce solutions alongside their bricks and mortar outlets. To assist, we are providing all the data they require to efficiently upload our products onto their ecommerce channel.

Our New Zealand operation now works more collaboratively with the head office brand management, marketing and logistics team, and this should enable sales growth in their market.





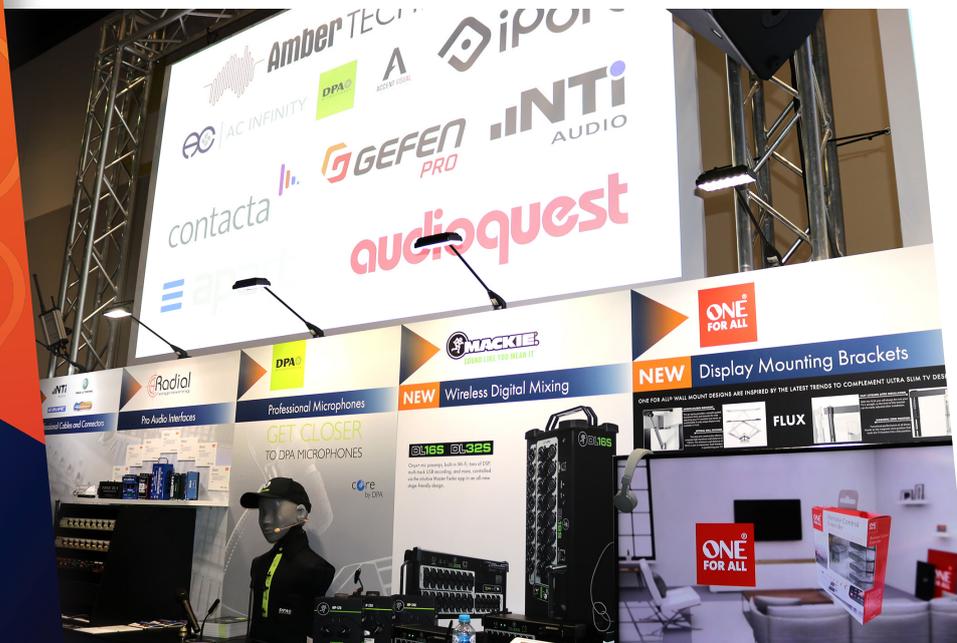
Newline demo day in Sydney.



Major Retail training session for retail staff



HDAnywhere display at national Road Show



Integrate 2018 stand display

# LIFESTYLE ENTERTAINMENT SEGMENT

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Our Lifestyle Entertainment Segment includes teams dedicated to the Consumer Electronics Retail market and providing Integrated Solutions to the residential and commercial audio visual installation markets in Australia and New Zealand.

The Integrated Solutions group experienced a challenging year.

General economic conditions and uncertainty surrounding elections impacted sales growth. Deterioration in the value of the Australian dollar (compared to the currencies of our major suppliers) combined with supplier price increases to exert pressure on gross margins across much of the portfolio. The specialist residential market suffered more than the commercial market – reflecting the discretionary nature of end-user spending in this area.

We continued our efforts to engage with our customers and promote our suppliers' brands. Highlights during the financial year included:

- a comprehensive display at the AV industry's major trade show: **Integrate 2018**
- a follow-up Road Show to introduce new brands and products to customers across Australia who were not able to attend Integrate 2018
- continued effort across major social media platforms to promote brands, products and global success stories
- direct representation to dealers, integrators, contractors, consultants and other influencers.

These efforts delivered worthwhile sales growth across a number of categories, especially in the commercial AV markets.

During the year, we added several new brands to the portfolio, addressing opportunities in the following market segments:

- residential AV switching and distribution
- control systems for AV installations in small to mid-sized commercial applications
- surge elimination to protect installed equipment from mains voltage disturbances
- interactive flat panel displays for commercial and education markets
- residential loudspeakers.

We believe that the ongoing refinement of our portfolio together with our continuing sales and marketing efforts see us well positioned to grow in relevance and importance amongst our specialist residential and commercial AV customers.

During the financial year our Major Retail group focused on three objectives:

- Expanding product and brand range, complementing a renewed Home Theatre category
- Sustaining a strong position in the supply of consumer electronics hardware and accessories by developing fixture/merchandising initiatives
- Continuing to drive awareness of technology and benefits through national training programs and incentives.

The retail environment had seen broad changes due to challenging economic environment at manufacturing level. Retailer consolidation in the categories we serve with current brands in our portfolio has also limited our growth this year.

The Major Retail group continuously reviews the brand portfolio in order to strengthen the relationships with our retail partners in both Australia and New Zealand. Our brands have benefited from these renewed strategies:

- Development and implementation of customised fixtures to establish a merchandising standard of One For All products
- Complementing retailer relationships through expansion of products from Audioquest and Mackie
- Securing new agencies that complement current brands in our portfolio.





AMBERTECH LIMITED  
AND CONTROLLED ENTITIES

ACN 079 080 158

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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 2019 and the auditor's report thereon.

## **DIRECTORS**

The qualifications, experience and special responsibilities of each person who has been a director of the Company at any time during or since the end of the financial year are listed below, together with the details of the company secretary as at the end of the financial year. All directors were in office during the whole of the financial year and up to the date of this report unless otherwise stated.

### **Information on directors**

#### **Peter Francis Wallace**

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

Member of the Audit and Risk Management Committee and Chairman of the Remuneration and Nomination Committee.

Peter Wallace is the founder and Managing Director of Endeavour Capital Pty Limited, an independent corporate advisory firm. Prior to establishing Endeavour Capital Pty Limited in 1998, he was an Investment Director with private equity company Hambro-Grantham. Mr Wallace has been a non-executive director of over 30 groups of companies. He was a non-executive director of the listed entity The Hydroponics Company Limited until 15 March 2018.

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 Chartered Accountants Australia and New Zealand, and a fellow of the Australian Institute of Company Directors.

Mr Wallace has been a director of Ambertech's Group companies since February 2000 and Chairman of Ambertech Limited since October 2002.

#### **Peter Andrew Amos**

##### **Managing Director**

Peter Amos graduated from Sydney Technical College (now University of Technology, Sydney) with a Radio Trade Certificate and from North Sydney Technical College with an Electronics Engineering Certificate. He joined Rank Electronics, the Company from which Ambertech was formed via a management buyout, as a technician in the mid 1970s, rising from Senior Technician to Service Manager. Upon the formation of Ambertech Limited, Mr Amos became Technical Director of the Ambertech Group. He also served in a senior role as Marketing Director of Quantum Pacific Pty Ltd, another company owned by Ambertech Limited, until it was sold in the mid 1990s.

Mr Amos has served as Managing Director of Ambertech Limited since 1995 and presided over the growth of the Company since that date. Mr Amos has been a director of Ambertech's Group companies since 1987.

#### **Thomas Robert Amos**

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

Tom Amos founded telecommunications consultancy Amos Aked Pty Limited in the early 1980s. His career in telecommunications and media spans over 30 years, during which time he has been involved in all facets of the industry. An engineer by profession, Mr Amos holds a B.E. (Electrical Engineering) degree from Sydney University.

Mr Amos has also been prominent in the telecommunication deregulation debate over a period of 15 years as a (former) director and Vice Chairman of Australian Telecommunications Users Group Limited ("ATUG") and as an industry commentator. He is a director of Wave Link Systems Pty Limited and a non executive director of listed entity Big Tin Can Holdings Limited.

Mr Amos has been a director of Ambertech's Group companies since June 1997.

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

Chairman of the Audit and Risk Management Committee

Ed Goodwin holds a BSc in economics from London University and an MBA from Sydney University. In recent years he has been working in new venture finance, following 25 years in senior finance and business development roles primarily in the telecommunications industry.

Mr Goodwin has been a director of Ambertech's Group companies since June 1997.

**David Rostil Swift**  
**Non-Executive Director**

Member of the Remuneration and Nomination Committee.

David Swift, who holds a B.E. (Electrical Engineering) degree from the University of NSW, has extensive experience in both the telecommunications and professional electronics industries. Mr Swift, a co-founder of Amos Aked Swift Pty Ltd and the founder of AAS Consulting Pty Ltd, is currently an independent telecommunications management and technology consultant operating in the Australasian Pacific region.

Mr Swift was a Director and the Chairman of the Australian Telecommunications Users Group Limited (ATUG) and a Director of Amos Aked Swift (NZ) Limited. In addition to his consulting experience he has had significant management experience through senior positions with both Westpac Banking Corporation and Telecom Australia. Mr Swift has been a director of Ambertech's Group companies since June 1997.

**Company Secretary and Chief Operating Officer**

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

Robert Glasson joined Ambertech Limited on 1 July 2002 and also holds the position of Chief Operating Officer. He previously held the position of Chief Financial Officer up until 30 June 2015. He has a Bachelor of Business degree from the University of Technology, Sydney, and is a member of Chartered Accountants Australia and New Zealand. He was appointed to the role of Company Secretary on 1 November 2004.

**CORPORATE INFORMATION**

**Nature of operations and principal activities**

The principal activities of the economic entity during the financial year were the import and distribution of high technology equipment to the professional broadcast, film, recording and sound reinforcement industries; the import and distribution of home theatre products to dealers; distribution and supply of custom installation components for home theatre and commercial installations to dealers and consumers, and the distribution of projection and display products with business and domestic applications.

There have been no significant changes in the nature of these activities since the end of the financial year.

**Employees**

The economic entity employed 91 employees as at 30 June 2019 (2018: 101 employees).

## REVIEW AND RESULTS OF OPERATIONS

The consolidated loss of the economic entity after providing for income tax for the financial year was \$1,332,000. This was down on the loss after tax of \$143,000 in the previous period. Total revenues for the financial year increased by 10.3% to \$57,178,000 (2018: \$51,839,000). Further information on the operations is included in the Chairman's and Managing Director's Report section of the Annual Report, and in the ASX Appendix 4E.

## FINANCIAL POSITION

The directors believe the economic entity is in a reasonably strong and stable financial position with the potential to expand and grow its current operations. Whilst borrowings were increased by \$882,000 during the financial year, the economic entity maintained a healthy working capital ratio.

The economic entity's working capital, being current assets less current liabilities, has decreased by \$884,000 to \$6,716,000 as at 30 June 2019 (2018: \$7,600,000). The net assets of the economic entity have also decreased by \$1,264,000 to \$8,758,000 as at 30 June 2019 (2018: \$10,022,000).

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the economic entity during the financial year.

## EVENTS SUBSEQUENT TO REPORTING DATE

There were no matters that have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations or state of affairs of the economic entity in future financial years.

## FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The 2019-20 financial year has begun well, and as a result the Board of Ambertech Limited ("the Board") is cautiously optimistic that it can deliver on business strategies, which continue to focus on returning positive results for investors in the short term. At this early stage the Board is unable to provide guidance on potential results with any certainty; however expects to be able to update investors by the time of holding the company's AGM.

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

## ENVIRONMENTAL REGULATION

The company is subject to regulation by the relevant Commonwealth and State legislation. The nature of the company's business does not give rise to any significant environmental issues.

## REMUNERATION REPORT (AUDITED)

The information provided below includes remuneration disclosures that are required under the Corporations Act 2001 and its regulations. The disclosures contained within the remuneration report have been audited.

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

Consistent with this view, there have been no significant changes to the remuneration strategy employed by the Board for the 2019 financial year. There has been no change in the remuneration of non-executive directors since 1 January 2010.

### Remuneration Strategy

#### Non-Executive Director Remuneration

Remuneration of non-executive directors is determined by the Remuneration and Nomination Committee. In determining payments to non-executive directors, consideration is given to market rates for comparable companies for time, commitment and responsibilities. The Remuneration and Nomination Committee reviews the remuneration of non-executive directors annually, based on market practice, duties and accountability.

Remuneration of non-executive directors comprises fees determined having regard to industry practice and the need to obtain appropriately qualified independent persons. Fees do not contain any non-monetary elements. In response to the financial performance of the company the remuneration of non-executive directors has remained unchanged since 1 January 2010.

#### Executive Remuneration

##### Managing Director and Chief Operating Officer

Remuneration of the Managing Director and the Chief Operating Officer (COO) is determined by the Remuneration and Nomination Committee. In this respect, consideration is given to normal commercial rates of remuneration for similar levels of responsibility. Remuneration comprises salaries, bonuses, contributions to superannuation funds and options.

The Managing Director and COO receive an incentive element of their salary which is based on achievement of Key Performance Indicators (KPIs) relevant to their responsibilities. This includes a component that is based on the company's profit targets. The total incentive amounts payable are capped at a fixed rate rather than as a percentage of total remuneration, however if paid on target these incentives would have represented approximately 20% of total salary for the Managing Director and 15% of total salary for the COO.

KPIs are set annually by the Remuneration and Nomination Committee and based on company performance targets, and vary according to the roles and responsibilities of the executive. At the same time, these KPIs are aligned to reflect the common corporate goals such as growth in earnings and shareholders' wealth, and achievement of working capital targets.

Performance against the KPIs is assessed annually by the Remuneration and Nomination Committee and recommendations for payments determined following the end of the financial year.

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

## REMUNERATION REPORT (continued)

### Other Executives

Remuneration of other key executives is set by the Managing Director and Chief Operating Officer, with reference to guidelines set by the Remuneration and Nomination Committee. In this respect, consideration is given to normal commercial rates of remuneration for similar levels of responsibility. Remuneration comprises salaries, bonuses, contributions to superannuation funds and options.

Approximately 5% of the aggregate remuneration of the senior sales executives comprises an incentive element which is related to the KPIs of those parts of the company's operations which are relevant to the executive's responsibilities. The senior sales executives may also receive a sales commission component, which will vary with the sales performance of those parts of the sales business for which they are responsible.

KPIs are set annually by the Remuneration and Nomination Committee, with a degree of consultation with executives to ensure their commitment. The measures are tailored to the areas of each executive's involvement and over which they have control. They are based on company performance targets, and at the same time, these KPIs are aligned to reflect the common corporate goals such as growth in earnings and shareholders' wealth, and achievement of working capital targets. Performance against the KPIs is assessed annually by the Remuneration and Nomination Committee and recommendations for payments determined following the end of the financial year.

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

	2019	2018	2017	2016	2015
Dividends paid (cents per share)	-	-	-	-	-
Closing share price at 30 June (\$)	\$0.10	\$0.16	\$0.15	\$0.125	\$0.135
Net profit/(loss) after tax (\$'000)	(1,332)	(143)	(634)	237	(1,654)

### Details of Remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of the economic entity are set out in the following tables.

The key management personnel of the economic entity includes the following:

Name	Position	Name	Position
P Wallace	Non-Executive Chairman	R Glasson	Group COO, Company Secretary
P Amos	Group Managing Director	R Neale	General Manager, Lifestyle Entertainment
T Amos	Non-Executive Director	R Caston	General Manager, Broadcast & Professional
E Goodwin	Non-Executive Director	N Lee	General Manager, Amber New Zealand Resigned: 12/12/2018
D Swift	Non-Executive Director		

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.

REMUNERATION REPORT (continued)

Elements of Remuneration

2019	Short-term employment benefits		Post employment benefits	Long-term employment benefits	Share based payments	Total	% Performance Related	% Relating to Options
	Salary fees and leave	Cash Bonus	Superannuation	LSL accrued/ (taken)	Options			
Directors	\$	\$	\$	\$	\$	\$		
P Amos	360,250	-	25,000	3,797	2,553	391,600	0.0%	0.7%
P Wallace	55,046	-	5,229	-	-	60,275	0.0%	0.0%
T Amos	32,111	-	3,051	-	-	35,162	0.0%	0.0%
E Goodwin	32,111	-	3,051	-	-	35,162	0.0%	0.0%
D Swift	10,119	-	24,961	-	-	35,080	0.0%	0.0%
	489,637	-	61,292	3,797	2,553	557,279	0.0%	0.5%
<b>Executives</b>								
R Glasson	190,949	-	18,303	1,141	-	210,393	0.0%	0.0%
R Caston	222,585	9,200	22,174	3,516	-	257,475	3.6%	0.0%
R Neale	254,673	20,000	24,908	2,382	-	301,963	6.6%	0.0%
N Lee*	43,480	-	3,331	-	-	46,811	0.0%	0.0%
	711,687	29,200	68,716	7,039	-	816,642	3.6%	0.0%

(1) On 15 September 2018, a cash bonus of \$9,200 was paid to Mr Caston relating to performance against KPI's. The bonus is 92% of the total available to Mr Caston under his KPI scheme.

(2) Quarterly cash bonuses totalling \$20,000 were paid to Mr Neale relating to performance against KPI's. The bonuses are 100% of the total available to Mr Neale under his KPI scheme.

\* N Lee resigned 12/12/18.

2018	Short-term employment benefits		Post employment benefits	Long-term employment benefits	Share based payments	Total	% Performance Related	% Relating to Options
	Salary fees and leave	Cash Bonus	Superannuation	LSL accrued/ (taken)	Options			
Directors	\$	\$	\$	\$	\$	\$		
P Amos	361,463	-	25,000	3,029	2,553	392,045	0.0%	0.7%
P Wallace	55,046	-	5,229	-	-	60,275	0.0%	0.0%
T Amos	32,111	-	3,051	-	-	35,162	0.0%	0.0%
E Goodwin	32,111	-	3,051	-	-	35,162	0.0%	0.0%
D Swift	10,119	-	24,961	-	-	35,080	0.0%	0.0%
	490,850	-	61,292	3,029	2,553	557,724	0.0%	0.5%
<b>Executives</b>								
R Glasson	198,651	-	18,303	2,006	-	218,960	0.0%	0.0%
R Caston	198,379	4,050	19,064	9,556	-	231,049	1.8%	0.0%
R Neale	257,985	18,850	24,996	1,572	-	303,403	6.2%	0.0%
N Lee	97,218	-	6,081	-	-	103,299	0.0%	0.0%
	752,233	22,900	68,444	13,134	-	856,711	2.7%	0.0%

(1) On 15 August 2017, a cash bonus of \$4,050 was paid to Mr Caston relating to performance against KPI's. The bonus is 100% of the total available to Mr Caston under his KPI scheme.

(2) Quarterly cash bonuses totalling \$18,850 were paid to Mr Neale relating to performance against KPI's. The bonuses are 100% of the total available to Mr Neale under his KPI scheme.

**REMUNERATION REPORT (continued)**

**Service agreements**

An executive agreement exists between Peter Amos, the Managing Director, and Amber Technology Limited. This agreement provides that Mr Amos, for a period of 12 months from the date of termination, will not engage in activities in competition with the Amber Group. There is a notice period by either party of 12 months.

The agreement commenced on 31 May 1999 and continues indefinitely. In the event that the company was to exercise its right to terminate the contract, the current payout value would be \$380,000 (2018: \$380,000).

**Share based compensation**

The company has adopted an Employee Share Option Plan (ESOP). The Board of Directors may determine the executives and eligible employees who are entitled to participate in the ESOP.

The options issued under the ESOP will expire 5 years after the issue date, or earlier on any of the following events:

- a the eligible employee is dismissed with cause or has breached a restriction contained in his/her employment contract;
- b the eligible employee dies while in the employ of the Company;
- c the eligible employee is made redundant by the Company;
- d the eligible employee's employment with the Company is voluntarily terminated by the eligible employee; or
- e the eligible employee's employment terminates by reason of normal retirement.

The total number of shares reserved for issuance under the ESOP, together with shares reserved for issuance under any other Option Plan, shall not exceed 5% of the diluted ordinary share capital in the Company (comprising all Shares, all Options issued under the ESOP and under any other Option Plan, and all other convertible issued securities).

The ESOP provides the Board with the ability to determine the exercise price of the options, the periods within which the options may be exercised, and the conditions to be satisfied before the option can be exercised.

The ESOP provides for adjustments in accordance with ASX Listing Rules if there is a capital reconstruction, a rights issue or a bonus issue.

Options granted as remuneration during the year are set out below.

	Balance at beginning	Grant Details		Exercised		Lapsed	Balance at end of year	
		Grant Date	No.	Value \$	No.	Value \$		No.
P Amos	500,000				-	-	333,334	166,666

During the financial year, nil options vested with key management personnel (2018: Nil). None of these options were exercisable (2018: Nil).

The options have been granted subject to the individual meeting predetermined performance criteria as determined by the Board. The options vest as follows:

- (i) One third of the options have vested (tranche 1)
- (ii) Two thirds have lapsed due to failed performance hurdles (tranches 2 and 3)

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.

**REMUNERATION REPORT (continued)**

**Interests of Directors**

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

<u>Director</u>	<u>Ordinary Shares</u>	
	<b>2019</b>	<b>2018</b>
P Wallace	486,528	486,528
P Amos	4,313,843	4,313,843
T Amos	5,484,625	5,484,625
E Goodwin	2,883,556	2,883,556
D Swift	2,995,826	2,995,826

This concludes the Remuneration Report which has been audited.

**DIVIDENDS**

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

**DIRECTORS' MEETINGS**

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are:

<b>Director</b>	<b>Board Meetings</b>		<b>Audit and Risk Management Committee Meetings</b>		<b>Nomination and Remuneration Committee</b>	
	<b>Attended</b>	<b>Held</b>	<b>Attended</b>	<b>Held</b>	<b>Attended</b>	<b>Held</b>
P Wallace	8	8	3	3	2	2
P Amos	8	8	-	-	-	-
T Amos	8	8	-	-	-	-
E Goodwin	6	8	3	3	-	-
D Swift	8	8	-	-	2	2

#### NON-AUDIT SERVICES

It is the economic entity's policy to employ BDO East Coast Partnership (BDO) for assignments additional to their annual audit duties, when BDO's expertise and experience with the economic entity are important. During the year these assignments comprised primarily tax compliance assignments. The Board of Directors is satisfied that the auditors' independence is not compromised as a result of providing these services because:

- All non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- None of the services undermines the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditors' own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing economic risks and rewards.

During the year fees that were paid or payable for services provided by the auditor of the parent entity and its related practices are disclosed at note 26.

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

#### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

#### AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

#### INDEMNIFICATION OF OFFICERS

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

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

#### ROUNDING

The company is an entity to which Class Order 98/100 applies and, in accordance with this class order, amounts in this report and the financial statements have been rounded off to the nearest thousand dollars unless otherwise indicated.

Signed in accordance with a resolution of directors.



Director:

\_\_\_\_\_  
P F Wallace



\_\_\_\_\_  
P A Amos

Dated this 30th day of September 2019.  
Sydney

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

As lead auditor of Ambertech Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ambertech Limited and the entities it controlled during the period.



Paul Bull  
Partner

**BDO East Coast Partnership**

Sydney, 30 September 2019

## INDEPENDENT AUDITOR'S REPORT

To the members of Ambertech Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Ambertech Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Revenue recognition

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>For the year ended 30 June 2019 the Group recognised revenue of \$57,178 (000's), as disclosed in Note 3 of the financial report.</p> <p>The Group's management focuses on revenue as a key driver by which performance is measured. This area is a key audit matter due to the volume of transactions and significance of the total balance of revenue.</p>	<p>To determine whether revenue had been appropriately recognised we undertook, amongst others, the following audit procedures:</p> <ul style="list-style-type: none"> <li>Assessed the Group's accounting policy for revenue to ensure it has been correctly formulated in accordance with the Australian Accounting Standards;</li> <li>Analysed revenue by segment and by product group in comparison to the prior period and to our expectations;</li> <li>Tested the operating effectiveness of internal controls surrounding the existence and occurrence of revenues;</li> <li>Performed cut-off testing to ensure that revenue transactions around year end have been recorded in the correct reporting period;</li> <li>Reviewed management's assessment of the adoption of AASB 15 Revenue from Contracts with Customers; and</li> <li>Evaluated the disclosures for revenue and revenue recognition accounting policies.</li> </ul>

## Valuation of inventory

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As at 30 June 2019 the Group held inventory of \$13,629 (000's), as disclosed in Note 7 to the financial report.</p> <p>Due to the nature of the industry in which the Group operates, products sold have an inherent risk of obsolescence.</p> <p>Valuation of inventory is a key audit matter due to the size of the balance and the degree of estimation and judgement required to be made by the Group in determining whether evidence of obsolescence arises.</p>	<p>To determine whether the valuation of inventory was appropriate at reporting date we undertook, amongst others, the following audit procedures:</p> <ul style="list-style-type: none"> <li>Agreed inventory on hand to initial purchase invoice and subsequent sales invoice on sample basis and compared the carrying amount to the realisable value;</li> <li>Assessed the assumptions applied by the Group in determining the provision for obsolescence in comparison to recent sales experience and ageing of inventory;</li> <li>Analysed inventory turnover by product group in comparison to prior period and to expectations;</li> <li>Performed gross margin analysis by product group in comparison to prior periods; and</li> <li>Evaluated management's policy for provisioning of inventory obsolescence and assessed whether this had been consistently applied throughout the financial year.</li> </ul>

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.



## Report on the Remuneration Report

### Opinion 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 2019.

In our opinion, the Remuneration Report of Ambertech Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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.

### BDO East Coast Partnership

A handwritten signature in black ink. The signature starts with 'BDO' in a stylized, cursive font, followed by a large, flowing signature that appears to be 'P. Bull'.

Paul Bull  
Partner

Sydney, 30 September 2019

AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Economic Entity	
		2019 \$'000	2018 \$'000
<b>Revenue</b>	3	57,178	51,839
Cost of sales	4	<u>(41,618)</u>	<u>(35,735)</u>
<b>Gross profit</b>		15,560	16,104
Employee benefits expense	4	(10,283)	(9,496)
Distribution costs		(1,405)	(1,460)
Marketing costs		(528)	(740)
Premises costs		(1,982)	(1,971)
Depreciation and amortisation expenses	4	(447)	(312)
Finance costs		(592)	(670)
Travel costs		(535)	(546)
Other expenses		<u>(1,085)</u>	<u>(1,096)</u>
<b>(Loss) before income tax</b>	4	(1,297)	(187)
Income tax benefit	5	<u>(35)</u>	<u>44</u>
<b>(Loss) after income tax</b>		<u><b>(1,332)</b></u>	<u><b>(143)</b></u>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<u>66</u>	<u>(46)</u>
Other comprehensive income for the year, net of tax		<u>66</u>	<u>(46)</u>
<b>Total comprehensive income for the year</b>		<u><b>(1,266)</b></u>	<u><b>(189)</b></u>
<b>Earnings per share</b>			
Basic earnings per share (cents)	24	<u>(4.4)</u>	<u>(0.5)</u>
Diluted earnings per share (cents)	24	<u>(4.4)</u>	<u>(0.5)</u>

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

AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

		Economic Entity	
	Note	2019 \$'000	2018 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	22	1,207	859
Trade and other receivables	6	11,249	9,658
Inventories	7	13,629	13,302
<b>TOTAL CURRENT ASSETS</b>		<b>26,085</b>	<b>23,819</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	9	875	1,254
Intangible assets	10	61	78
Deferred tax assets	5	1,213	1,230
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,149</b>	<b>2,562</b>
<b>TOTAL ASSETS</b>		<b>28,234</b>	<b>26,381</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	11,997	9,729
Other financial liabilities	12	5,608	4,726
Provisions	13	1,764	1,764
<b>TOTAL CURRENT LIABILITIES</b>		<b>19,369</b>	<b>16,219</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	13	88	134
Deferred tax liabilities	5	19	6
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>107</b>	<b>140</b>
<b>TOTAL LIABILITIES</b>		<b>19,476</b>	<b>16,359</b>
<b>NET ASSETS</b>		<b>8,758</b>	<b>10,022</b>
<b>EQUITY</b>			
Share capital	14	11,138	11,138
Reserves	15	58	(10)
Accumulated losses		(2,438)	(1,106)
<b>TOTAL EQUITY</b>		<b>8,758</b>	<b>10,022</b>

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

AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Share Based Payments Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Economic Entity</b>					
<b>Balance as at 30 June 2017</b>	<b>11,138</b>	<b>32</b>	<b>1</b>	<b>(963)</b>	<b>10,208</b>
Loss for the year	-	-	-	(143)	(143)
Exchange differences on translation of foreign operations	-	(46)	-	-	(46)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(46)</b>	<b>-</b>	<b>(143)</b>	<b>(189)</b>
<b>Transactions with equity holders:</b>					
Costs of share based payments	-	-	3	-	3
<b>Balance as at 30 June 2018</b>	<b>11,138</b>	<b>(14)</b>	<b>4</b>	<b>(1,106)</b>	<b>10,022</b>
Loss for the year	-	-	-	(1,332)	(1,332)
Exchange differences on translation of foreign operations	-	66	-	-	66
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>66</b>	<b>-</b>	<b>(1,332)</b>	<b>(1,266)</b>
<b>Transactions with equity holders:</b>					
Costs of share based payments	-	-	2	-	2
<b>Balance as at 30 June 2019</b>	<b>11,138</b>	<b>52</b>	<b>6</b>	<b>(2,438)</b>	<b>8,758</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 2019

	Note	Economic Entity	
		2019 \$'000	2018 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		60,703	54,844
Payments to suppliers and employees		(56,181)	(50,184)
Interest received		16	16
Interest and other costs of finance paid		(592)	(670)
Goods and services tax remitted		(4,426)	(3,845)
<b>Net cash provided by operating activities</b>	22	<u>(480)</u>	<u>161</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		(51)	(574)
Payments for intangible assets - website		-	(85)
<b>Net cash used in investing activities</b>		<u>(51)</u>	<u>(659)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		1,221	343
Repayment of borrowings		(346)	-
<b>Net cash provided by financing activities</b>		<u>875</u>	<u>343</u>
Net increase/(decrease) in cash and cash equivalents held		344	(155)
Cash and cash equivalents at beginning of year		859	1,014
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies at the beginning of the financial year		4	-
<b>Cash and cash equivalents at end of year</b>	22	<u>1,207</u>	<u>859</u>

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

#### NOTE 1: INTRODUCTION

The financial statements cover the economic entity consisting of Ambertech Limited and its controlled entities. Ambertech Limited is a company limited by shares, incorporated and domiciled in Australia.

##### **Operations and principal activities**

Ambertech Limited is a distributor of high technology equipment to the professional broadcast, film, recording and sound reinforcement industries and of consumer audio and video products in Australia and New Zealand.

##### **Currency**

The financial statements are presented in Australian dollars and rounded to the nearest one thousand dollars.

##### **Registered office**

Unit 1, 2 Daydream Street, Warriewood NSW 2102.

##### **Authorisation of financial statements**

The financial statements were authorised for issue on 30 September 2019 by the Directors. The company has the power to amend the financial statements.

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **A) Overall Policy**

The principal accounting policies adopted in the preparation of these consolidated financial statements are stated in order to assist in a general understanding of the financial statements. These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for profit oriented entities. The financial statements have been prepared under the historic cost convention.

##### Statement of Compliance

The financial statements comply with Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of the economic entity comply with International Financial Reporting Standards (IFRS).

##### Going Concern

The consolidated financial statements have been prepared on a going concern basis.

For the year ended 30 June 2019, the consolidated entity incurred a loss after income tax of \$1,332,000 (2018: loss of \$143,000). In the same period the consolidated entity had operating cash outflows of \$480,000 (2018: cash inflow of \$161,000)

A cash flow forecast for the next 12 months prepared by management has indicated that the consolidated entity will have sufficient cash assets to be able to meet its debts as and when they are due. The directors have therefore concluded that there are reasonable grounds to believe that the basis for the preparation of the financial statements on a going concern basis is appropriate.

##### New, revised or amending Accounting Standards and Interpretations adopted

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

The following new Accounting Standards and Interpretations are most relevant to the consolidated entity:

##### (i) AASB 9: Financial Instruments

The consolidated entity has applied AASB 9 using the modified retrospective approach and the related consequential amendments to other Accounting Standards for the first time. The requirements under AASB 9 that are applicable to the consolidated entity and the impact of its application is disclosed below:

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

**A) Overall Policy (continued)**

Classification and measurement of financial assets

The directors have reviewed and assessed the Group's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and have concluded that the application of AASB 9 has had no material impact on the classification or measurement of the Group's financial assets. Financial assets that were measured at fair value through profit or loss (FVTPL) or amortised cost under AASB 139 continue to be measured at fair value or amortised cost under AASB 9.

Impairment of financial assets

The directors have reviewed and assessed the Group's existing financial assets and trade receivables for impairment using the AASB 9 expected credit loss model as opposed to the AASB 139 incurred credit loss model and have concluded that the application of AASB 9 has had no material impact on the Group's impairment allowance required for existing financial assets and trade receivables.

With effect from 1 July 2018, the Group's new accounting policy in respect to impairment of financial assets is as follows:

Financial assets, other than those at fair value through profit or loss, shall recognise a loss allowance for expected credit losses and changes in those expected credit losses at each reporting date to recognise the 12 month or lifetime expected credit losses determined by the significance of the change in credit risk since initial recognition of the financial asset.

- (ii) *AASB 15: Revenue from Contracts with Customers, and the relevant amending standards* (applicable to annual reporting periods beginning on or after 1 January 2018).

This Standard replaces the previous accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 applies to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

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

To achieve this objective, AASB 15 provides the following five-step process:

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

The Group has reviewed and assessed the Group's revenue streams based on the application of AASB 15 and the impact of its application is disclosed below:

The majority of the Group sales are for sale of goods, where there is a single performance obligation and revenue is recognised at the point of sale or, where later, delivery to the end customer which is when the control passes. There is no material impact from the adoption of AASB 15 on these sales. The revenue recognition approach historically applied by the Group for these sales are consistent with the principals of AASB 15.

Other revenue sources for the group include:

- Contract revenue with milestone arrangements; and
- Maintenance and support contracts.

Based on an analysis of these revenue streams, the directors have determined that the Group's accounting policies do not require change upon adoption of the new revenue recognition Standard.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A) Overall Policy (continued)

*Impact of Adoption*

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group as at 30 June 2019, and there was no impact on the opening retained earnings as at 1 July 2018.

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 2019, but have not been applied in preparing these financial statements.

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

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

The main changes introduced by the new Standard are as follows:

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

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

The Group has established an AASB 16 project team and is in the process of completing its impact assessment of AASB 16.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of \$5.519m, (30 June 2018 \$7.022m). AASB 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 16.

A preliminary assessment indicates that these arrangements will meet the definition of a lease under AASB 16, and hence the Group will recognise a right-of-use asset and corresponding liability in respect of these leases unless they qualify for a low value or short-term lease upon application of AASB 16.

A reliable estimate of the financial impact on the Group's consolidated result is dependent on a number of unresolved areas, such as the choice of transition and discount rates.

In addition, the financial impact is dependent on the facts and circumstances at the time of transition. For these reasons it is not yet practicable to determine a reliable estimate of the financial impact of the Group.

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

**A) Overall Policy (continued)**

Other new accounting standards that have been published but are not mandatory for the 30 June 2019 reporting period are as listed below:

- (i) AASB 128 Amendments
  - Long-term interests in Associates and Joint Ventures effective 1 July 2019
- (ii) IFRIC Interpretation 23 Uncertainty over Income Tax treatments effective 1 July 2019
- (iii) AASB 3 Business Combinations
  - Previously held interests in a joint operation
  - Annual Improvement to IFRS Standards effective 1 July 2019
- (iv) AASB 11 Joint Arrangements
  - Previously held interests in a joint operation
  - Annual improvement to IFRS Standards effective 1 July 2019
- (v) AASB 123 Borrowing Costs
  - Borrowing costs eligible for capitalisation effective 1 July 2019
- (vi) AASB 112 Income Taxes
  - Income tax consequences of payments on financial instruments classified as equity effective 1 July 2019
- (vii) Amendments to AASB 10 and AASB128
  - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- (viii) Amendments to AASB9
  - Prepayment Features with Negative Compensation

Although further work will be required to assess the impact of the above new standards, management believe that the preliminary assessment shows that the introduction of these standards will not have a significant impact on the Group's financial statements.

**B) 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.

Economic Entity	
2019	2018
\$'000	\$'000

**NOTE 3: REVENUE**

**A) Revenue**

- Sale of goods and services	57,162	51,823
- Interest received	16	16
	<u>57,178</u>	<u>51,839</u>

**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 control has 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.

**NOTE 4: EXPENSES**

Additional information on the nature of expenses

**A) Inventories**

Cost of sales	<u>41,618</u>	<u>35,735</u>
Movement in provision for inventory obsolescence	<u>(132)</u>	<u>(127)</u>

**B) Employee benefits expense**

Salaries and wages	9,156	8,552
Defined contribution superannuation expense	778	790
Employee termination expense	346	151
Share-based payments expense	3	3
	<u>10,283</u>	<u>9,496</u>

	Economic Entity	
	2019 \$'000	2018 \$'000
<b>NOTE 4: EXPENSES (continued)</b>		
<b>C) Depreciation</b>		
Plant and equipment	95	83
Furniture and fittings	180	67
Leasehold improvements	139	139
Leased plant and equipment	16	16
	<u>430</u>	<u>305</u>
<b>D) Amortisation</b>		
Website costs	17	7
	<u>17</u>	<u>7</u>
<b>E) Bad and doubtful debts</b>		
	<u>(1)</u>	<u>42</u>
<b>F) Rental expense on operating leases:</b>		
Minimum lease payments	1,503	1,480
	<u>1,503</u>	<u>1,480</u>
<b>NOTE 5: INCOME TAX</b>		
<b>A) Major components of income tax</b>		
Deferred tax	35	(44)
Income tax (benefit)	35	(44)
	<u>35</u>	<u>(44)</u>
<b>B) Reconciliation between income tax and prima facie tax on accounting profit/(loss)</b>		
(Loss)/profit before income tax	(1,297)	(187)
	<u>(1,297)</u>	<u>(187)</u>
Tax at 30% (2018:30%)	(389)	(56)
Tax effect of non deductible expenses/non assessable income		
- Entertainment	15	16
- Other items	2	7
Unused tax losses not recognised as deferred tax assets	407	(11)
Income tax (benefit)	35	(44)
	<u>35</u>	<u>(44)</u>
<b>C) Applicable tax rate</b>		
The applicable tax rate is the national tax rate in Australia of 30%.		
<b>D) Analysis of deferred tax assets</b>		
Employee benefits	459	470
Plant and equipment	297	245
Accrued expenses	104	129
Provision for impairment of receivables	18	30
Provision for obsolescence	190	228
Provision for warranty	46	40
Inventory	63	56
Other	36	32
	<u>1,213</u>	<u>1,230</u>

	Economic Entity	
	2019	2018
	\$'000	\$'000

**NOTE 5: INCOME TAX (continued)**

**E) Analysis of deferred tax liabilities**

Unrealised foreign currency gain	11	-
Other	8	6
	<u>19</u>	<u>6</u>

**F) Income Tax**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**G) Tax consolidated group**

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.

**H) Tax Losses**

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

In 2015 the board determined that it could no longer justify the recognition of a deferred tax asset resulting from accumulated tax losses. At balance date, total Australian unused tax losses available amounted to \$1,419,434 (2018: \$5,102,633). The potential tax benefit of these losses at 30% is \$425,830 (2018: \$1,530,790).

Economic Entity	
2019	2018
\$'000	\$'000

**NOTE 6: TRADE AND OTHER RECEIVABLES**

**Current**

Trade receivables	10,009	8,855
Provision for impairment of receivables	(61)	(101)
	<u>9,948</u>	<u>8,754</u>
Other receivables	1,088	749
Prepayments	213	155
	<u>11,249</u>	<u>9,658</u>

**A)** Current trade receivables are non-interest bearing loans, generally between 30 and 60 day terms.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any expected credit loss.

**B)** An allowance for expected credit losses (ECLs) is required when a difference arises between the contracted cashflows and the amount expected to be received, discounted at the original effective interest rate.

For trade receivables, a simplified approach is applied in calculating the ECLs. Loss allowances recognised are based on lifetime ECLs at each reporting date. This is established from historical credit losses, adjusted for forward looking factors specific to the receivable.

**C)** Movement in the provision for impairment of receivables is as follows:

Current trade receivables

Opening balance	101	59
Charge for the year	(2)	42
Amounts written off	(38)	-
Closing balance	<u>61</u>	<u>101</u>

**D)** The economic entity's exposure to credit risk and impairment losses related to trade and other receivables is disclosed at note 23.

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

	Economic Entity	
	2019 \$'000	2018 \$'000
<b>NOTE 7: INVENTORIES</b>		
<b>Current</b>		
Finished goods	12,641	12,112
Stock in transit	1,628	1,962
	<u>14,269</u>	<u>14,074</u>
Provision for obsolescence	(640)	(772)
	<u>13,629</u>	<u>13,302</u>

**A) Inventories**

Inventories include finished goods and stock in transit and are measured at the lower of weighted average cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

**B) Provision for impairment of inventories**

Movement in the provision for obsolescence is as follows:

Opening balance	772	899
Charge for the year	352	389
Amounts written off	(484)	(516)
Closing balance	<u>640</u>	<u>772</u>

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

**NOTE 8: CONTROLLED ENTITIES**

Entity	Country of Incorporation	Percentage Owned	
		2019	2018
<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%

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.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

**NOTE 9: PLANT AND EQUIPMENT**

**Non-Current**

**A) Carrying amounts**

	Cost		Accumulated depreciation		Net carrying amount	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Economic Entity</b>						
Plant and equipment	1,487	1,434	(1,332)	(1,233)	155	201
Furniture and fittings	943	942	(661)	(480)	282	462
Leasehold improvements	1,416	1,415	(1,022)	(884)	394	531
Leased plant and equipment	171	171	(127)	(111)	44	60
Total plant and equipment	<u>4,017</u>	<u>3,962</u>	<u>(3,142)</u>	<u>(2,708)</u>	<u>875</u>	<u>1,254</u>

**B) Reconciliation of carrying amounts:**

	Plant and equipment \$'000	Furniture and fittings \$'000	Leasehold improvements \$'000	Leased plant and equipment \$'000	Total \$'000
<b>2019</b>					
Balance at the beginning of the year	200	464	531	59	1,254
Additions	50	-	1	-	51
Disposals	-	-	-	-	-
Depreciation and amortisation expense	<u>(95)</u>	<u>(180)</u>	<u>(139)</u>	<u>(16)</u>	<u>(430)</u>
Carrying amount at the end of the year	<u>155</u>	<u>284</u>	<u>393</u>	<u>43</u>	<u>875</u>
<b>2018</b>					
Balance at the beginning of the year	174	71	667	75	987
Additions	110	460	3	-	573
Disposals	-	-	-	-	-
Depreciation and amortisation expense	<u>(84)</u>	<u>(67)</u>	<u>(139)</u>	<u>(16)</u>	<u>(306)</u>
Carrying amount at the end of the year	<u>200</u>	<u>464</u>	<u>531</u>	<u>59</u>	<u>1,254</u>

**C) Recognition and measurement**

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.

**D) Depreciation of property, plant and equipment**

Plant and equipment is depreciated over its estimated useful life taking into account estimated residual values. The straight line method is used.

**NOTE 9: PLANT AND EQUIPMENT**

**Non-Current (continued)**

**D) Depreciation of property, plant and equipment (continued)**

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 10: INTANGIBLE ASSETS**

**Non-Current**

**Net carrying amounts and movements during the year**

	<b>Economic Entity</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Goodwill at cost	2,970	2,970
Less impairment	(2,970)	(2,970)
	-	-
Website at cost	85	85
Less accumulated amortisation	(24)	(7)
	61	78
	61	78

**Reconciliation of written down values:**

	<b>Goodwill</b>	<b>Website</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance at 1 July 2018	-	78	78
Additions	-	-	-
Impairment	-	-	-
Amortisation expense	-	(17)	(17)
Closing balance at 30 June 2019	-	61	61

**Recognition and measurement**

**A) Goodwill**

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment. Goodwill is allocated to cash generating units and is not subject to amortisation, but tested annually for impairment. Goodwill has been fully impaired.

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

**NOTE 10: INTANGIBLE ASSETS**

**Non-Current (continued)**

**B) Impairment of Assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

If there is evidence of impairment for any of the company's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the economic entity's weighted average cost of capital. The loss is recognised in the statement of profit or loss and other comprehensive income.

**C) 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 5 years.

**NOTE 11: TRADE AND OTHER PAYABLES**

**Current**

	<b>Economic Entity</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade accounts payable	8,499	6,109
Other accounts payable	3,498	3,620
	<u>11,997</u>	<u>9,729</u>

These amounts represent liabilities for goods and services provided to the economic entity prior to the end of financial year which are unpaid. Due to their short term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Amounts payable in foreign currencies:**

Trade accounts payable:		
- US Dollars	4,432	3,430
- British Pounds	583	221
- Euro	405	434
- Swiss Francs	558	552
- New Zealand Dollars	581	442
	<u>6,559</u>	<u>5,079</u>

**NOTE 12: OTHER FINANCIAL LIABILITIES**

**Current**

Debtor finance	5,414	4,469
Business transaction facility	194	257
	<u>5,608</u>	<u>4,726</u>

**NOTE 12: OTHER FINANCIAL LIABILITIES (continued)**

Details of the economic entity's exposure to interest rate changes on other financial liabilities is outlined in note 23. The fair value of the financial liabilities approximates their carrying value.

**A) Debtor finance**

On 24 July 2018, the economic entity extended the Scottish Pacific Business Finance facility for a further term of two years. This new agreement is an invoice discounting solution with approval up to \$8.0M for Amber Technology Ltd and \$1.3M for Amber Technology (NZ) Ltd.

The economic entity did not breach any covenants during the financial year.

**B) Business transaction facility**

On 16 June 2017 the economic entity entered into an agreement with Octet Finance Pty Ltd to provide a Business Transaction Facility. On 5 June 2018 the facility limit was reduced from \$1,000,000 to \$400,000 with no fixed term. As at 30 June 2019, the amount drawn under this facility was \$194,003.

**C) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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.

	Economic Entity	
	2019	2018
	\$'000	\$'000
<b>NOTE 13: PROVISIONS</b>		
<b>Current</b>		
Service warranty	321	327
Employee benefits	1,443	1,437
	<u>1,764</u>	<u>1,764</u>
<b>Non Current</b>		
Employee benefits	88	134
	<u>88</u>	<u>134</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.

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

**NOTE 13: PROVISIONS (Continued)**

**A) Service warranty (continued)**

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

	<b>Service warranty \$'000</b>
Opening balance at 1 July 2018	327
Additional provision recognised	303
Reductions resulting from payments	(309)
Closing balance at 30 June 2019	<u>321</u>

**B) 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.

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

**C) Amounts not expected to be settled within the next twelve months:**

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

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

	<b>Economic Entity</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Current annual leave obligation expected to be settled after 12 months	<u>268</u>	<u>267</u>
Current long service leave obligation expected to be settled after 12 months	<u>418</u>	<u>411</u>

**NOTE 14: SHARE CAPITAL**

	Economic Entity		#	Economic Entity	
	2019 Shares	2018 Shares		2019 \$'000	2018 \$'000
<b>A) Ordinary Shares fully paid (no par value)</b>	<u>30,573,181</u>	<u>30,573,181</u>		<u>11,138</u>	<u>11,138</u>
Details		No of shares			\$'000
Balance 30 June 2018		30,573,181			11,138
Shares bought back		-			-
Balance 30 June 2019		<u>30,573,181</u>			<u>11,138</u>

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.

**B) 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.

**C) Options**

At reporting date, there were 500,000 ordinary shares reserved for issue under options (2018: 500,000)

**D) 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.

**NOTE 15: RESERVES**

Foreign currency translation reserve		52	(14)
Share base payments reserve		6	4
		<u>58</u>	<u>(10)</u>

For an explanation of movements in reserve accounts refer to the Statement of Changes in Equity.

**Nature and purpose of reserves**

**A) Foreign currency translation reserve**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at exchange rates prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating to the exchange rates prevailing at the dates of the transactions.

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

**B) Share Base Payments Reserve**

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

**NOTE 16: CAPITAL & LEASING COMMITMENTS**

**A) Operating lease commitments**

Payable:

Not later than 1 year		1,523	1,503
Later than 1 year but not later than 5 years		3,996	5,519
Later than 5 years		-	-
Minimum lease payments		<u>5,519</u>	<u>7,022</u>

**B) Warriewood property lease**

The Warriewood property lease is a non-cancellable lease ending on 13 January 2023, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased at review dates at 3.75% per annum.

**NOTE 16: CAPITAL & LEASING COMMITMENTS (continued)**

**C) 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.

**D) Capital Commitments**

The economic entity had no commitments for capital expenditure as at 30 June 2019 (2018: Nil)

**NOTE 17: CONTINGENT LIABILITIES**

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

	Economic Entity	
	2019	2018
	\$'000	\$'000
- Bank guarantee by Amber Technology Limited in respect of Sydney property lease	612	612
	612	612

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

**NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE**

There were no matters that have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations or state of affairs of the economic entity in future financial years.

**NOTE 19: 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	
	2019	2018
	\$'000	\$'000
<b>Summary</b>		
- Short term employee benefits	1,230,524	1,265,983
- Post employment benefits	130,008	129,736
- Long term employee benefits	10,836	16,163
- Share-based employee benefits	2,553	2,553
	1,373,921	1,414,435

**NOTE 20: SHARE BASED PAYMENT ARRANGEMENTS**

On 24 November 2016, 500,000 share options were granted to Managing Director, Peter Amos under the Ambertech Limited Executive Share Option Scheme to take up ordinary shares at an exercise price of \$0.15 each. The options are exercisable on or before 30 November 2021. The options hold no voting or dividend rights and are not transferable.

These options vest as follows:

- (i) One third of the options have vested (tranche 1)
- (ii) Two thirds have lapsed due to failed performance hurdles (tranches 2 and 3)

Vesting subsequent to grant date is also subject to key management personnel meeting specified performance criteria. Further details of these options are provided in the directors' report. The options hold no voting or dividend rights but have been listed. The options lapse when a director ceases their employment with the Group. During the financial year, nil options vested with key management personnel (2018: Nil).

**NOTE 20: SHARE BASED PAYMENT ARRANGEMENTS (continued)**

The consolidated entity established the Ambertech Limited Employee Share Option Plan on 5 November 2004 as a long-term incentive scheme to strive for improved group performance. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group. The number available to be granted is determined by the Board and is based on performance measures including profitability, return on capital employed and dividends.

The options are issued with a strike price representing a discount of 6% to the average market price of the underlying shares determined at the time the shares were granted.

A summary of the movements of all options issued is as follows:

	Number	Weighted Average Exercise Price
<b>Options outstanding as at 1 July 2018</b>	500,000	\$0.15
Granted	-	-
Foreited	333,334	\$0.15
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 30 June 2019</b>	<b>166,666</b>	<b>\$0.15</b>
Options exercisable as at 30 June 2019	-	-
Options exercisable as at 30 June 2018	-	-

The weighted average remaining contractual life of options outstanding at year-end was 0.42 years. The exercise price of outstanding shares at the end of the reporting period was \$0.15.

The fair value of the options granted to key management personnel is considered to represent the value of the employee services received over the vesting period.

Options issued over ordinary shares are valued using the Black-Scholes pricing model which takes into account the option exercise price, the current level and volatility of the underlying share price, the risk free interest rate, the expected dividends on the underlying share, the current market price of the underlying share and the expected life of the option.

The value of the options is recognised in an option reserve until the options are exercised, forfeited or expire.

The weighted average fair value of options granted during the year was nil (2018: Nil). These values were calculated using the Black-Scholes option pricing model applying the following inputs:

- Weighted average exercise price:	\$0.15
- Weighted average life of the option	5 Years
- Expected share volatility	25%
- Risk free interest rate	2%

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

These shares were issued as compensation to key management personnel of the Group. Further details are provided in the directors' report.

Included under employee benefits expense in the statement of profit or loss is \$5,419, which relates to equity-settled share-based payment transactions (2018: \$2,553).

**NOTE 21: 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

2019	Professional \$'000	Lifestyle Entertainment \$'000	New Zealand \$'000	Eliminations \$'000	Economic Entity \$'000
<b>Revenue</b>					
- Total segment revenue	28,359	25,300	3,503	-	57,162
- Inter-segment revenue	3	798	46	(847)	-
Revenue from external customers	<u>28,362</u>	<u>26,098</u>	<u>3,549</u>	<u>(847)</u>	<u>57,162</u>
<b>Result</b>					
- Segment EBIT	1,139	(1,521)	(80)	-	(462)
- Unallocated / corporate result					(259)
- EBIT					(721)
- Interest revenue					16
- Interest and finance costs					(592)
- Profit before income tax					(1,297)
- Income tax expense					(35)
- profit for the year					<u>(1,332)</u>
<b>Assets</b>					
- Segment Assets	<u>11,857</u>	<u>12,486</u>	<u>1,631</u>	<u>-</u>	25,974
- Unallocated/corporate assets					2,260
- Total assets					<u>28,234</u>
<b>Liabilities</b>					
- Segment Liabilities	<u>7,475</u>	<u>5,149</u>	<u>513</u>	<u>-</u>	13,137
- Unallocated/corporate liabilities					6,339
- Total liabilities					<u>19,476</u>
<b>Other</b>					
- Acquisition of non current segment assets	18	26	7	-	51
					<u>51</u>
- Depreciation and amortisation of segment assets	115	326	6	-	447
					<u>447</u>

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

NOTE 21: SEGMENT REPORTING (continued)

2018	Professional \$'000	Lifestyle Entertainment \$'000	New Zealand \$'000	Eliminations \$'000	Economic Entity \$'000
<b>Revenue</b>					
- Total segment revenue	20,869	27,577	3,377	-	51,823
- Inter-segment revenue	13	362	1	(376)	-
Revenue from external customers	<u>20,882</u>	<u>27,939</u>	<u>3,378</u>	<u>(376)</u>	<u>51,823</u>
<b>Result</b>					
- Segment EBIT	(35)	1,027	(223)	-	769
- Unallocated / corporate result					(302)
- EBIT					467
- Interest revenue					16
- Interest and finance costs					(670)
- Profit before income tax					(187)
- Income tax expense					44
- profit for the year					<u>(143)</u>
<b>Assets</b>					
- Segment Assets	<u>8,449</u>	<u>14,152</u>	<u>1,826</u>	<u>-</u>	24,427
- Unallocated/corporate assets					1,954
- Total assets					<u>26,381</u>
<b>Liabilities</b>					
- Segment Liabilities	<u>5,610</u>	<u>4,315</u>	<u>992</u>	<u>-</u>	10,917
- Unallocated/corporate liabilities					5,442
- Total liabilities					<u>16,359</u>
<b>Other</b>					
- Acquisition of non current segment assets	79	576	3	-	658
					<u>658</u>
- Depreciation and amortisation of segment assets	107	198	7	-	312
					<u>312</u>

**NOTE 21: SEGMENT REPORTING (continued)**

(c) Segment information on geographical region

Geographical Location	Segment Revenues from Sales to External Customers		Carrying Amount of Segment Non Current Assets		Acquisition of Non- Current Assets	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
- Australia	53,659	48,446	926	1,332	41	655
- New Zealand	3,503	3,377	10	6	7	3
	<u>57,162</u>	<u>51,823</u>	<u>936</u>	<u>1,338</u>	<u>48</u>	<u>658</u>

(i) Carrying amount of segment non current assets

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

(d) Other segment information

(i) Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenues and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories and property, plant and equipment and goodwill. All remaining assets of the economic entity are considered to be unallocated assets. Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings.

Segment assets and liabilities do not include income taxes.

(ii) Intersegment Transfers

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity. These transfers are eliminated on consolidation.

(iii) Major Customers

During the year ended 30 June 2019, \$5,165,810 or 9% (2018: \$6,183,573 or 12%) of the consolidated entity's external revenue was derived from sales to a major Australian retailer through the Lifestyle Entertainment segment.

Economic Entity	
2019	2018
\$'000	\$'000

**NOTE 22: CASH FLOW INFORMATION**

**(i) Cash and cash equivalents**

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

Cash on hand	3	2
At call deposits with financial institutions	1,204	857
	<u>1,207</u>	<u>859</u>

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

(loss) for the year	(1,332)	(143)
Depreciation and amortisation	447	312
Foreign exchange loss	24	74
Non-cash share based payments	3	4
Changes in operating assets and liabilities		
Increase in trade and other receivables	(1,419)	(1,730)
Increase in prepayments	(57)	(19)
Increase in inventories	(288)	(1,305)
Increase in trade and other payables	2,161	2,866
Decrease in provisions	(53)	146
Decrease in deferred taxes	34	(44)
Net cash provided by operating activities	<u>(480)</u>	<u>161</u>

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

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

**A) Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits at call with banks or financial institutions, investments in money market instruments maturing within three months, and bank overdrafts.

#### NOTE 23: 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.

##### A) 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.

##### *Expected credit loss allowance*

The expected credit loss allowance relates to specific customers, identified as being in trading difficulties, or where specific debts are in dispute. The expected credit loss 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.

Economic Entity  
2019                      2018  
\$'000                      \$'000

**NOTE 23: FINANCIAL RISK MANAGEMENT (continued)**

The ageing of trade receivables at the reporting date was:

Not past due	4,615	4,275
Past due up to 30 days	3,032	3,383
Past due 31-60 days	566	404
Past due 61 days and over	1,735	692
Total trade receivables not impaired	9,948	8,754
Trade receivables impaired	61	101
Total trade receivables	10,009	8,855

The economic entity does not have other receivables which are past due (2018: Nil).

**B) Liquidity Risk**

Liquidity risk is the risk that the economic entity will not be able to meet its financial obligations as they fall due. The economic entity's policy for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity (cash reserves and finance facilities) to meet its liabilities when due, under both normal and stressed conditions. The objective of the policy is to maintain a balance between continuity of funding and flexibility through the use of finance facilities.

The economic entity monitors liquidity risk by maintaining adequate cash reserves and financing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The table below summarises the maturity profile of the economic entity's financial liabilities based on contractual undiscounted payments:

**Contractual Cash Flows**

	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
2019				
<b>Financial liabilities due for payment</b>				
Trade and other payables	8,499	-	-	8,499
Other financial liabilities	5,971	-	-	5,971
Total expected outflows	14,470	-	-	14,470
<b>Financial assets - cash flows realisable</b>				
Trade receivables	9,948	-	-	9,948
Total anticipated inflows	9,948	-	-	9,948
Net (outflow) on financial instruments	(4,522)	-	-	(4,522)

NOTE 23: FINANCIAL RISK MANAGEMENT (continued)

	Contractual Cash Flows			
	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
2018				
<b>Financial liabilities due for payment</b>				
Trade and other payables	6,109	-	-	6,109
Other financial liabilities	5,062	-	-	5,062
Total expected outflows	<u>11,171</u>	<u>-</u>	<u>-</u>	<u>11,171</u>
<b>Financial assets - cash flows realisable</b>				
Trade receivables	8,754	-	-	8,754
Total anticipated inflows	<u>8,754</u>	<u>-</u>	<u>-</u>	<u>8,754</u>
Net (outflow) on financial instruments	<u>(2,417)</u>	<u>-</u>	<u>-</u>	<u>(2,417)</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 16.

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

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

**C) Market Risk**

Market risk is the risk that changes in market prices will affect the economic entity's income or the value of its holdings of financial instruments. The activities of the economic entity expose it primarily to the financial risks of changes in foreign currency rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the returns.

Foreign Currency Risk

The following table demonstrates the impact on the profit and equity of the economic entity, if the Australian Dollar weakened/strengthened by 10%, which management consider to be reasonably possible at balance date against the respective foreign currencies, with all other variables remaining constant:

	Weakening of 10%		Strengthening of 10%	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Impact on profit/(loss)	<u>(729)</u>	<u>(564)</u>	<u>596</u>	<u>462</u>
Impact on equity	<u>(729)</u>	<u>(564)</u>	<u>596</u>	<u>462</u>

**NOTE 23: FINANCIAL RISK MANAGEMENT (continued)**

Interest Rate Risk

The economic entity has a debtor financing facility. The use of the facility exposes the economic entity to cash flow interest rate risk.

As at the reporting date, the economic entity had the following fixed and variable rate borrowings:

	Note	Weighted average interest rate		Balance	
		2019	2018	2019	2018
		%	%	\$'000	\$'000
Debtor finance	12	6.45%	7.06%	5,414	4,469
Business transaction facility	12	7.33%	7.93%	194	257
Other financial liabilities		6.48%	7.11%	5,608	4,726

The following table demonstrates the impact on the profit and equity of the economic entity if the average interest rate on the borrowing facility had either increased or decreased by 1%, which management consider to be reasonably possible over the whole year ending 30 June 2019, with all other variables remaining constant:

	Increase of 1% of average interest rate		Decrease of 1% of average interest rate	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Impact on profit/(loss)	(56)	(47)	56	47
Impact on equity	(56)	(47)	56	47

**D) Net Fair Values**

The net fair values of assets and liabilities approximate their carrying values. No financial assets or liabilities are readily traded on organised markets.

**E) Capital Management**

The Board's aim is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Total capital is defined as shareholders' equity. The Board monitors the return on capital, which is defined as net operating income divided by total shareholders' equity. The Board also establishes a dividend payout policy which is targeted as being greater than 50% of earnings, subject to a number of factors, including the capital expenditure requirements and the company's financial and taxation position. Dividends paid for the year ended 30 June 2019 were nil (2018: nil).

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

Economic Entity  
2019 2018

**NOTE 24: EARNINGS PER SHARE**

<b>A) Basic earnings per share (cents)</b>	(4.4)	(0.5)
Weighted average number of ordinary shares (number)	<u>30,573,181</u>	<u>30,573,181</u>
Earnings used to calculate basic earnings per share (\$)	<u>(1,332,000)</u>	<u>(143,000)</u>

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.

<b>B) Diluted earnings per share (cents)</b>	(4.4)	(0.5)
Weighted average number of ordinary shares (number)	<u>30,573,181</u>	<u>30,573,181</u>
Earnings used to calculate diluted earnings per share (\$)	<u>(1,332,000)</u>	<u>(143,000)</u>

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.

**NOTE 25: DIVIDEND FRANKING CREDITS**

Tax rate	30%	30%
Amount of franking credits available for subsequent reporting periods (\$'000)	<u>6,139</u>	<u>6,139</u>

**NOTE 26: 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**

BDO East Coast Partnership	\$	\$
Audit and review of financial reports, and other work under the Corporations Act	<u>115,000</u>	<u>111,500</u>
Total remuneration for audit services	<u>115,000</u>	<u>111,500</u>

**Non-audit services**

BDO East Coast Partnership		
Tax compliance services, including review of company income tax returns	19,450	19,180
Other practices - BDO Auckland		
Tax compliance services, including review of company income tax returns	<u>5,731</u>	<u>7,115</u>
Total remuneration for non-audit services	<u>25,181</u>	<u>26,295</u>

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

Parent Entity	
2019	2018
\$'000	\$'000

**NOTE 27: PARENT ENTITY INFORMATION**

Information relating to Ambertech Limited (parent entity):

- Current Assets	11,048	11,053
- Total Assets	15,606	15,611
- Current Liabilities	1,462	1,462
- Total Liabilities	1,462	1,462
- Share capital	11,138	11,138
- Share issue cost reserve	6	4
- Retained earnings	<u>3,000</u>	<u>3,007</u>
(Loss)/profit of the parent entity	(7)	6
Total comprehensive income of the parent entity	<u>(7)</u>	<u>6</u>

**Contingent Liabilities**

The parent entity had no contingent liabilities as at 30 June 2019 (2018: Nil).

**Capital Commitments**

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 (2018: Nil)

**Significant Accounting Policies**

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

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

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The directors of the company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and
  - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date.
2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The directors have been given the declarations by the chief executive officer and chief operating officer required by Section 295A of the *Corporations Act 2001*.

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



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P F Wallace  
**Director**



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P A Amos  
**Director**

Dated this 30th day of September 2019.  
Sydney

# SHAREHOLDERS INFORMATION

The following information is required by the Australian Securities Exchange Limited.

## Distribution of equity security by size of holding:

			Number of shareholders	Number of Ordinary Shares	% of total capital
1	-	1,000	71	63,260	0.21
1,001	-	5,000	50	185,563	0.61
5,001	-	10,000	30	265,549	0.87
10,001	-	100,000	39	1,309,917	4.28
100,001	and	over	19	28,748,892	94.03
<b>Total</b>			<b>209</b>	<b>30,573,181</b>	<b>100.00</b>

The number of security investors holding less than a marketable parcel of 4,545 securities is 101 and they hold 148,823 securities.

## Equity Security Holders

The twenty largest shareholders as at 10 October 2019 were:

Rank	Twenty largest holders	Number of shares	% of total capital
1	Appwam Pty Limited	9,618,773	31.46
2	Crowton Pty Ltd (Amos Super Fund)	4,313,843	14.11
3	Mr Edwin Goodwin & Ms Julia Griffith (EFG Investments A/C)	2,883,556	9.43
4	Wavelink Systems Pty Ltd	2,784,625	9.11
5	Wavelink Systems Pty Ltd (Employee Superannuation Fund)	2,650,000	8.67
6	Wygrin Pty Ltd	1,507,556	4.93
7	Wygrin Pty Ltd (Wygrin Pension Fund)	1,488,270	4.87
8	Mr David Scicluna & Mr Anthony Scicluna	804,000	2.63
9	Mr Ralph McCleery	357,599	1.17
10	Wallace Capital Pty Ltd (Super Fund A/C)	333,928	1.09
11	Mr Joseph Paul Grech & Ms Deborah Lee Grech	333,261	1.09
12	Henriksen Consulting Pty Ltd (Henriksen Consulting S/F AC)	315,059	1.03
13	Ironwood Investments Pty Limited (Phillips Super Fund A/C)	295,000	0.97
14	BNP Paribas Nominees Pty Ltd	286,920	0.94
15	Mr David Le Cornu & Mrs Betty Le Cornu	220,000	0.72
16	Wallace Capital Pty Ltd (Charwal A/C)	152,600	0.50
17	S&I Carlini Superannuation Pty Limited	150,602	0.49
18	Xanthippus Pty Ltd	143,300	0.47
19	Eran Pty Ltd	110,000	0.36
20	Mr Garry Beauchamp (Empire Park S/F A/C)	100,000	0.33
20	Realcal Pty Ltd	100,000	0.33
		<b>28,948,892</b>	<b>94.69</b>

Source: Boardroom Pty Limited



## 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
Appwam Pty Limited	9,618,773	31.46
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

## 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 10 October 2019.

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 2019 no shares were bought back by the company.

## 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.

# CORPORATE DIRECTORY

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## **Directors**

Peter F Wallace  
*Chairman*

Peter A Amos  
*Managing Director*

Tom R Amos

Edwin F Goodwin

David R Swift

## **Company Secretary**

Robert J Glasson

## **Share Registry**

Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001

Or

Level 12, 255 George Street  
Sydney NSW 2000  
T: +61 2 9290 9600 or  
T: 1300 737 760

## **Bankers**

Scottish Pacific Business  
Finance  
Level 1, 1 Bligh Street  
Sydney NSW 2000  
T: +61 2 9372 9900

## **Auditors**

BDO East Coast Partnership  
Level 11, 1 Margaret Street  
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## **ASX Listing**

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## **Brisbane**

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## **Corporate Governance Statement**

[www.ambertech.com.au/investors/corporate-governance](http://www.ambertech.com.au/investors/corporate-governance)







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TECHNOLOGY



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