>> Annual Report for the year ended 30 June 2006

Annual Report

>> AMBERTECH LIMITED ACN 079 080 158

Ambertech LIMITED

>> Mission Statement

>> Mission Statement >> Mission Statement >> Mission Statement

>> Corporate Mission

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

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

>> Table of Contents

Ambertech LIMITED

>> Overview of 2006

>> Annual Report for the year ended 30 june 2006

Ambertech
LIMITED

>> Message to Shareholders

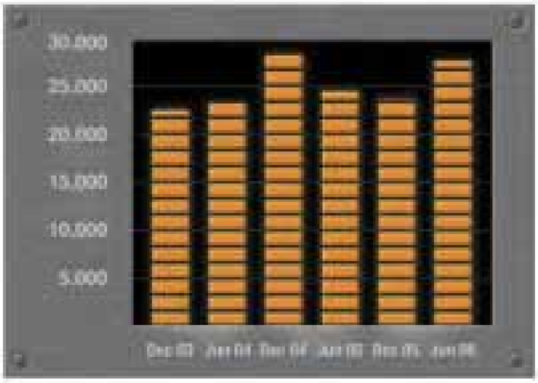
3 October 2006

Dear Shareholder,

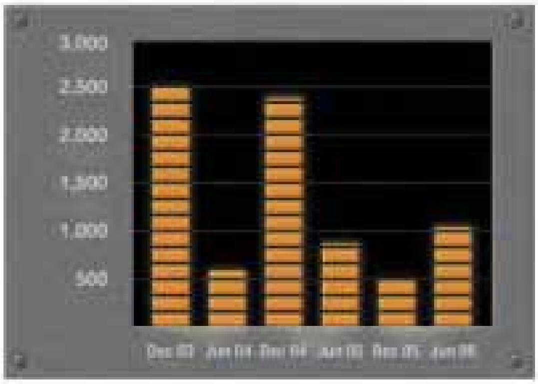
On behalf of the Board and management, we present the financial results for the year ended 30 June 2006.

Financial Highlights

A summary of the key shareholder data is included in the table below:



Sales Revenue by Half-Year Period



Net Profit After Tax by Half-Year Period

Key Data	**2004 $'000**	**2005 $'000**	**2006 $'000**
Revenue and Profit			
Sales Revenue	45,815	52,916	51,465
Earnings Before Interest & Taxation (EBIT)	4,657	5,153	2,607
Net Profit After Tax (NPAT)	3,025	3,258	1,486
Balance Sheet/Other			
Trade Debtors	6,296	7,618	9,521
Inventory	9,720	12,515	14,259
Operating Cash Flow	3,713	1,111	(572)
Capital Expenditure			
Fixed Asset Spend	358	326	307
Ratios			
EBIT/Sales	10.2%	9.7%	5.1%
Debtors/Sales	13.7%	14.3%	18.5%
Inventory/Sales	21.2%	23.6%	27.7%

>> Message to Shareholders

The 2006 financial year was a difficult year for the business and for the industries in which Ambertech operates. We have put in place measures that we believe have positioned the business well to grow in the future. The second half of the year has seen an improvement in both revenues and profit that is promising, and we hope to build on this improvement in future reporting periods.

Professional Products Group

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

During the financial year we have continued to work on a number of sizeable projects planned by our major customers. Our previous market announcements discussed the uncertainty in timing of delivery of these projects. Our advice was that we expected the second half of the year to be greater than the first half.

We are delighted that our results in the professional segment during the second half of the year have shown a return to profitability of this segment of Ambertech's business.

During the year we have been able to allocate time to further strategic expansion of our distribution range. In March we announced a dealer distribution agreement with Panasonic Australia, which complements our existing range of professional products.

In New Zealand we have been focused on solidifying product line synergies with Australia. In November 2005 our New Zealand operations announced an exclusive distribution agreement for the Neutrik range of professional entertainment connector systems. In March 2006 we signed an exclusive agreement with audio measurement manufacturer NTI AG.

The improvement in results in the second half of the year reflects the culmination of significant amounts of work relating to major customer projects. We are currently experiencing a continuation of the capital expenditure cycle planned by our major customers in a buoyant broadcast market.

Lifestyle Entertainment Group

Ambertech's lifestyle entertainment business segment is a leader in the 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.

This financial year saw difficult trading conditions for this segment of the business, both in consumer electronics and custom home theatre installation. These difficult trading conditions were industry wide, particularly at the lower end of the home theatre in the box market. Strategic expansion of our distribution channel in carefully selected locations has enabled us to somewhat offset lower prices in a competitive consumer electronics market.

With these things in mind, it is particularly pleasing that the lifestyle entertainment segment was able to achieve growth in sales revenue for the year of 9.2%. Our first half results continue to reflect the pattern of being stronger than those of the second six months. For the year ended 30 June 2006, the months of November and December accounted for 22.5% of sales revenue for the lifestyle entertainment segment.

During the period we have seen excellent progress with new business structures that will enable this segment of the business to achieve our medium-term growth targets. In particular, we opened our accessories division during the year with our lead product in this area, "One For All" remote controls. In March 2006, we announced we had added to our distribution agencies by taking on both the Foxtel accessories range, and the Bandridge range of packaged cable solutions.

In establishing this division we incurred a number of set up costs, both in infrastructure and human resources, which impacted on the segment result for the year. Sales and support staff were hired and trained in advance of product being available for sale. Additionally, we expanded our warehouse facilities in order to efficiently meet the logistics requirements of the accessories division.

During the period we have also restructured this segment to better service our markets and to enable us to focus on product range expansion. We are confident that we now have the appropriate structures and business strategies in place to continue to grow.

Outlook

For the year ending 30 June 2007 our forecasts show a growth in revenue and profits. The capital nature of our professional segment and the uncertainty of timing of these major projects create difficulty in accurately forecasting the results for any accounting period. However, Ambertech's management believes the company is well positioned to achieve medium-term growth targets of 5%-10% per annum, with a target EBIT ratio of 8%-10%, noting that there may be period-to-period fluctuation in results due to the level of sales in the professional division.

We are constantly evaluating potential new agencies and/or acquisitions to assist us with these goals.

The upcoming year presents many opportunities for Ambertech in both the lifestyle entertainment and professional segments of the business. The early trading results for 2007 for the new accessories division are encouraging, as is the market interest in the new Avid range of collaborative editing systems within our professional segment.

We are strongly focused on improvement in our product to market strategies in order to support our world class product offerings.

Share Buy Back

On 2 September 2005, the company announced an on market buy back of up to 1,543,150 ordinary shares on issue. The buy back is part of the company's capital management and designed to improve shareholder returns. Up until the date of this report, the company has bought back a total of 154,965 shares.

>> Message to Shareholders

Dividends

In light of the result for the year, the board declared a final fully franked dividend of 1.0 cents per share for the year ended 30 June 2006, bringing the total fully franked dividend, post listing, to 3.0 cents per share.

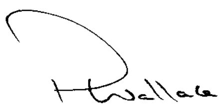
The board expects to pay at least 60% of profits after tax as fully franked dividends in the future.

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

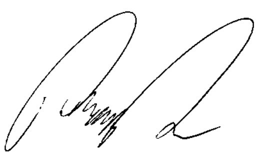
Dividend Type	Record Date	Payment Date	Cents per share	Franking %	Tax rate
Relating to the previous year, paid during the year ended 30 June 2006:					
Final dividend	15/09/2005	30/09/2005	4.0	100%	30%
Declared and paid during the year ended 30 June 2006:					
Interim dividend	15/03/2006	31/03/2006	2.0	100%	30%
Declared after year end in respect of the year ended 30 June 2006:					
Final dividend	15/09/2006	29/09/2006	1.0	100%	30%

Ambertech Team

The Board of Directors would once again like to thank the management and staff of Ambertech for their hard work and dedication during a year of consolidation for the company. We look forward to a bright future together.



Peter Wallace, Chairman



Peter Amos, Managing Director

>> Ambertech Business Units

>> Divisional Goals >> Divisional Goals >>Divisional Goals

>> Divisional Goals

"To promote increased sales, profits and customer loyalty by matching client needs with leading, technologically advanced products in an ethical and transparent environment based on superior service, support and expertise."

Ambertech
LIMITED

>> Ambertech Brands

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

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

>> Professional Segment

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

Avid Australia

A generational change in asset management and shared storage systems has provided a substantial revenue opportunity for Avid Australia. However the gap between announcement of the technology and its delivery impeded sales for Avid Australia in the first half of the year. The resulting postponement of broadcast projects created a difficult sales environment, at least in the short-term.

With most of the deliverability issues now behind us, this new technology makes Avid the leader in integrated enterprise-grade media efficiency systems, and our sales and engineering teams are well positioned to capitalise on these emerging technological developments and sales opportunities.

Professional

Our professional business has been built on strong customer relationships as well as developing a diverse product portfolio from the industry's most innovative and quality-driven manufacturers. Professional has continued to move towards becoming a 'one-stop-shop' for the key broadcast, post production and recording markets.

Sales growth across our entire product range has been steady and reflects the generally buoyant nature of the market for these products. The breadth and depth of our overall product range is crucial to our continued sales success and to that end, the addition of Panasonic Professional Products greatly augmented the products we now offer.

Broadcast

Despite the near total loss of our projected transmitter sales revenue, the Broadcast Division performed strongly with a notable increase in activity in two of our main lines – Advent Communications (Satellite systems) and EVS (Sports production systems).

Satellite systems have proved invaluable to our major broadcasters in delivering news stories from remote regions (such as Bali and Tasmania). We have steadily reinforced Advent's dominance in this sector and through the release of a range of high definition systems, EVS has now been eagerly adopted by the major providers of sports coverage.

These successes were underpinned by solid performances across our entire range of products and services. We have continued to carefully expand our profile and portfolio, acquiring significant new lines from Vistek, MicroVideo and StreamBox. The outlook for the coming year is good with two major projects in the Broadcast area on the horizon, along with steady business in the Audio Visual products.

Amber New Zealand

The Auckland and Wellington based New Zealand operation continues to focus on the Professional areas of the business with particular emphasis on the Avid range of products. During the year there were a number of system upgrades including expansion of TV3 News and Post system along with an additional system at Natural History Unit NZ and a new installation at Prime Television.

Amber NZ has also expanded its product range over the year with the signing of the exclusive agency for Neutrik and NTI. This, coupled with existing products, has allowed the rounding out of our offerings to the dealer network making Amber the distributor of choice for infrastructure products.

The outlook for the coming year is good with two major projects in the Broadcast area on the horizon, along with a steady business in the Audio Visual products.

>> Lifestyle Entertainment Segment

Our lifestyle entertainment segment distributes across a range of product groups with business and domestic applications encompassing consumer electronics, custom install, display products and accessories.

Consumer Electronics

Our consumer electronics business is predominantly based on a business-to-business channel management structure with product distributed through a broad range of retail outlets.

Our world-class product offerings include both the Onkyo and Integra ranges of consumer electronics, along with the Optoma and Projection Design home theatre projectors.

The 2005-2006 year has been difficult for the retail markets in which we operate. However, the home automation market has provided us with new market opportunities both this year and for the future.

Custom Installation

Custom installation products include controllers, zonal amplifiers, in-wall loudspeakers, radio frequency distribution and control systems. This range of products is sold through a selected dealer network in all Australian capital cities and regional areas.

>> Lifestyle Entertainment Segment

Our world renowned, award winning product ranges are comprehensively reinforced with extensive product training and education, robust technical support, in stock immediate supply and professional sales and marketing.

Despite slowing residential property markets, the 2005-2006 year saw increased sales and growth and presence in the market. This year also saw an increase in our product portfolio to include more fully IP addressable multi-room audio and video systems, hard drive media servers and the Emmy award winning Faroudja video scaling and high definition projectors.

The design and installation of multi-room audio and video and specialist home theatre remains buoyant and profitable, with increasing cross-pollination with the electrical, security and automation industries.

Display Products

Our display products include the Optoma and Projection Design ranges of data projectors and related ancillary products. 2005-2006 delivered continued growth in this area, and our professional sales team has made significant gains in the corporate audiovisual market.

During the year we focused on adding complementary products to our range to enable us to offer a total solution to market.

Accessories

Our accessories products were a natural progression for our company that enables us to take advantage of the numerous synergies between our different operating groups.

New to the business this financial year, this group offers a range of world class audiovisual accessories, including Universal remotes, Bandridge cable and interconnects and the Foxtel range of accessories.

The mass-market appeal of this business promises to reward Amber with continued growth, both organically and by adding complementary product offerings.

>> Directors' Report

>> Annual Report for the year ended 30 june 2006

>> Directors' Report

The directors present their report together with the financial report of Ambertech Limited ("the Company") and of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2006 and the auditor's report thereon.

Directors

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

Information on Directors

Peter Francis Wallace

Chairman - Non-Executive Director
Aged 46

Member of the Audit Committee and Chairman of the Remuneration 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 venture capitalist Hambro-Grantham. Mr Wallace has 16 years experience in private equity and has been a non-executive director of over 20 groups of companies. He is currently a non-executive director of ASX listed, Ideas International Limited.

Mr Wallace has a Bachelor of Commerce degree from the University of New South Wales and a Master of Business Administration degree from Macquarie University. He is a member of the Institute of Chartered Accountants, and a fellow of the Australian Institute of Company Directors.

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

Peter Andrew Amos

Managing Director
Aged 49

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

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

Thomas Robert Amos

Non-Executive Director
Aged 55

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

Mr Amos has also been prominent in the telecommunication deregulation debate over a period of 15 years as a (former) director and Vice Chairman of Australian Telecommunications Users Group Limited ("ATUG") and as an industry commentator. He is a director of Wave Link Systems Pty Limited and Amos Aked Swift (NZ) Limited.

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

Edwin Francis Goodwin

Non-Executive Director

Aged 58

Chairman of the Audit Committee

Ed Goodwin has worked in the telecommunications industry for more than 20 years in various senior management positions. He has a BSc in economics from London University and an MBA from Sydney University. Between 1994 and 1999, he was General Manager of Amos Aked Swift Pty Limited. From 1990 to 1994, he was Managing Director of the Millicom Group in Australia, and before that was Chief Executive of Equatorial Satellite Systems Australia Pty Limited. From 2000 to 2003 Mr Goodwin was Finance Director of FlowCom Limited.

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

David Rostil Swift

Non-Executive Director

Aged 59

Member of the Remuneration Committee

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

Mr Swift is also a Director and the Vice 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.

Niall Cairns

Non-Executive Director

Aged 42

Mr Cairns was appointed as a director of Ambertech's Group companies in May 2001, and resigned on 20 October 2005.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Robert John Glasson

Robert Glasson joined Ambertech Limited in July 2002 and also holds the position of Chief Financial Officer. He has a Bachelor of Business degree from the University of Technology, Sydney, and is a member of the Institute of Chartered Accountants in Australia. He was appointed to the role of Company Secretary on 1 November 2004.

Corporate Information

Nature of operations and principal activities

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

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

Employees

The consolidated entity employed 93 full time employees as at 30 June 2006 (2005: 85 employees).

Review and Results of Operations

The consolidated profit of the economic entity after providing for income tax for the financial year was down by 54.4% to $1,486,000 (2005: $3,258,000). Total revenues for the financial year decreased by 2.7% to $51,529,000 (2005: $52,980,000). Further information on the operations is included in the Chairman's and Managing Director's Report section of the Annual Report.

Significant changes in the state of affairs

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

Significant events after balance date

On 14 July 2006 the company bought back 115,000 shares as part of an on market buy back. On 19 July 2006, the company bought back a further 30,000 shares. At the date of this report, the total number of shares bought back under this on market buy back was 154,965 shares at a total cost of $79,663.

Likely developments and expected results

For the year ending 30 June 2007 our forecasts show a growth in revenue and profits. The capital nature of our professional segment and the uncertainty of timing of these major projects creates difficulty in accurately forecasting the results for any accounting period. However, Ambertech's management believes the company is well positioned to achieve medium term growth targets of 5%-10% per annum, with a target EBIT ratio of 8%-10%, noting that there may be period-to-period fluctuation in results due to the level of sales in the professional division.

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

Principles used to determine the nature and amount of remuneration (audited)

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.

Remuneration of executive directors and other senior executives are determined by a remuneration committee (refer to Corporate Governance Statement). In this respect, consideration is given to normal commercial rates of remuneration for similar levels of responsibility. Remuneration comprises salaries, commissions, 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 Key Performance Indicators (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.

The Managing Director and Chief Financial Officer receive an incentive element of their salary based on the achievement of the company's profit targets. These are capped at a fixed rate rather than as a percentage of total remuneration. Net profit was chosen as a determination for the payment of bonuses as it has a direct correlation to shareholder value and successful operational business performance.

KPIs are set annually by the remuneration 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 shareholder wealth, and achievement of working capital targets. Performance against the KPIs is assessed annually by the remuneration committee and recommendations for payments determined following the end of the financial year.

The table below sets out the Company's key shareholder indicators since it listed on the ASX:

	2006	2005
Dividends paid (cents per share)	**3.0**	**7.0**
Closing share price at 30 June ($)	**$0.47**	**$0.72**
Share buy back ($'000)	**80**	**-**
Net profit after tax ($'000)	**1,486**	**3,258**

Details of remuneration (audited)

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

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

Name	Position	Name	Position
P Wallace	Non-Executive Chairman	B Lee	General Manager, Lifestyle Entertainment
P Amos	Managing Director	N Streatfield	General Manager, Avid
T Amos	Non-Executive Director	R McCleery	Director, Amber New Zealand
E Goodwin	Non-Executive Director	R Caston	Divisional Manager, Broadcast
D Swift	Non-Executive Director	J Fitzpatrick	Divisional Manager, Professional
N Cairns (resigned 20/10/05)	Non-Executive Director	D Small	Divisional Manager, Audioworks
R Glasson	CFO, Company Secretary		

Key management personnel are those directly accountable to the CEO 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 Company and each of the key management personnel of the company and the consolidated entity for the financial year are set out in the following tables.

Remuneration of Directors 2006

	Short-term Employment Benefits		Post Employment Benefits	Share based payments			
	Cash Salary $	Cash Bonus $	Superannuation $	Options $	Total $	% Performance Related	% Relating to Options
P Amos	296,018	37,500	27,554	15,602	376,674	10.0%	4.1%
P Wallace	50,000	-	-	9,799	59,799	0.0%	16.4%
T Amos	30,000	-	-	-	30,000	0.0%	0.0%
E Goodwin	30,000	-	-	-	30,000	0.0%	0.0%
D Swift	30,000	-	-	-	30,000	0.0%	0.0%
N Cairns (resigned 20/10/05)	12,500	-	-	-	12,500	0.0%	0.0%
	448,518	**37,500**	**27,554**	**25,401**	**538,973**	**7.0%**	**4.7%**
Executives							
N Streatfield	183,692	38,750	16,465	2,835	241,742	16.0%	1.2%
B Lee	151,160	42,405	9,422	2,835	205,822	20.6%	1.4%
D Small	125,500	44,555	14,630	2,835	187,520	23.8%	1.5%
R Glasson	148,092	7,500	13,328	2,835	171,755	4.4%	1.7%
R Caston	129,750	17,500	12,577	2,835	162,662	10.8%	1.7%
R McCleery	128,584	18,265	-	2,835	149,684	12.2%	1.9%
J Fitzpatrick	114,539	15,240	12,026	2,835	144,640	10.5%	2.0%
	981,317	**184,215**	**78,448**	**19,845**	**1,263,825**	**14.6%**	**1.6%**

2005 Directors	Short-term Employment Benefits		Post Employment Benefits	Share based payments			
	Cash Salary $	Cash Bonus $	Superannuation $	Options $	Total $	% Performance Related	% Relating to Options
P Amos	309,297	62,500	26,955	5,504	404,256	15.5%	1.4%
P Wallace	45,000	-	-	5,504	50,504	0.0%	10.9%
T Amos	15,000	-	-	-	15,000	0.0%	0.0%
E Goodwin	15,000	-	-	-	15,000	0.0%	0.0%
D Swift	15,000	-	-	-	15,000	0.0%	0.0%
N Cairns (resigned 20/10/05)	15,000	-	-	-	15,000	0.0%	0.0%
	414,297	**62,500**	**26,955**	**11,008**	**514,760**	**12.1%**	**2.1%**
Executives							
N Streatfield	178,908	30,469	17,629	914	227,920	13.4%	0.4%
H Garland (resigned 31/03/05)	165,142	17,500	13,063	2,408	198,113	8.8%	1.2%
B Lee	114,107	44,345	7,740	914	167,106	26.5%	0.5%
D Small	100,115	52,770	13,085	914	166,884	31.6%	0.5%
R McCleery	126,667	20,000	-	914	147,581	13.6%	0.6%
R Caston	120,000	10,182	11,357	914	142,453	7.1%	0.6%
J Fitzpatrick	105,867	9,750	10,810	914	127,341	7.7%	0.7%
R Glasson	111,453	3,488	10,030	914	125,885	2.8%	0.7%
	1,022,259	**188,504**	**83,714**	**8,806**	**1,303,283**	**14.5%**	**0.7%**

Service agreements (audited)

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 $361,072.

Share based compensation (audited)

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

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

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

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

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

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

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

Directors

Date Granted	Exercise Period Start	Exercise Period Finish	Exercise Price	P Wallace	P Amos
7/12/04	7/12/04	7/12/09	$1.20	100,000	100,000
7/12/04	30/09/05	30/09/10	$1.20	-	100,000
7/12/04	30/09/06	30/09/11	$1.35	-	100,000
7/12/04	30/09/07	30/09/12	$1.35	-	100,000
Unissued shares under option plan				**100,000**	**400,000**

Executives

Date Granted	Exercise Period Start	Exercise Period Finish	Exercise Price	R Glasson	B Lee	N Streatfield	J Fitzpatrick	D Small	R Caston	R McCleery
7/12/04	7/12/04	7/12/09	1.20	10,000	10,000	10,000	10,000	10,000	10,000	10,000
7/12/04	31/12/04	31/12/09	1.20	5,000	5,000	5,000	5,000	5,000	5,000	5,000
7/12/04	31/3/05	31/3/10	1.20	5,000	5,000	5,000	5,000	5,000	5,000	5,000
7/12/04	30/6/05	30/6/10	1.20	5,000	5,000	5,000	5,000	5,000	5,000	5,000
7/12/04	30/9/05	30/9/10	1.20	5,000	5,000	5,000	5,000	5,000	5,000	5,000
7/12/04	31/12/05	31/12/10	1.20	5,000	5,000	5,000	5,000	5,000	5,000	5,000
7/12/04	31/3/06	31/3/11	1.20	5,000	5,000	5,000	5,000	5,000	5,000	5,000
7/12/04	30/6/06	30/6/11	1.20	5,000	5,000	5,000	5,000	5,000	5,000	5,000
7/12/04	30/9/06	30/9/11	1.20	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Unissued shares under option plan				**50,000**	**50,000**	**50,000**	**50,000**	**50,000**	**50,000**	**50,000**

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

In relation to bonus issues, each outstanding option confers on the option holder the right to receive, on exercise of those outstanding options, not only one share for each of the outstanding options exercised but also the additional shares the option holder would have received had the option holder participated in that bonus issue as a holder of ordinary shares.

The assessed fair value at offer date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option,the impact of dilution, the share price at offer date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Interests of Directors

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

Director	Ordinary Shares	Options over Ordinary Shares
P Wallace	100,000	100,000
P Amos	4,275,343	400,000
T Amos	5,484,625	-
E Goodwin	2,883,556	-
D Swift	2,933,556	-

Dividends

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

Dividend Type	Record Date	Payment Date	Cents per share	Franking %	Tax rate
Relating to the previous year, paid during the year ended 30 June 2006:					
Final dividend	15/09/2005	30/09/2005	4.0	100%	30%
Declared and paid during the year ended 30 June 2006:					
Interim dividend	15/03/2006	31/03/2006	2.0	100%	30%
Declared after year end in respect of the year ended 30 June 2006:					
Final dividend	15/09/2006	29/09/2006	1.0	100%	30%

Directors' meetings

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

	Board Meetings		Audit Committee Meetings		Remuneration Committee	
Director	Attended	Held	Attended	Held	Attended	Held
P Wallace	12	12	5	5	2	2
P Amos	12	12	-	-	-	-
T Amos	12	12	-	-	-	-
E Goodwin	12	12	5	5	-	-
D Swift	11	12	-	-	2	2
N Cairns	3	3	-	-	-	-

Non-audit services

The following amounts were paid to or are payable for non-audit services provided by the auditors:

	2006 $'000	2005 $'000
Amounts paid to the parent company auditors for non-audit services	86	111
Amounts paid to other auditors of subsidiaries for non-audit services	11	9

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

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

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- None of the services undermine the general principles relating to the auditor independence as set out in Professional Statement F1, 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.

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 25.

Indemnification of officers

The company has obtained insurance in respect of all directors and senior executives against all liabilities to other persons that may arise from their positions as directors and executives, except where the liability arises out of conduct involving a lack of good faith. A premium of $21,840 (2005 $28,636) has been paid for this insurance.

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 report have been rounded off to the nearest thousand dollars unless otherwise indicated.

Signed in accordance with a resolution of directors.

P F Wallace **P A Amos**

Dated this 11th day of September 2006.

PKF

Chartered Accountants
& Business Advisers

Auditor's independence declaration
Under Section 307C of the Corporations Act 2001

To The Directors Ambertech Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2006 there have been:

i no contraventions of the auditor independence requirements as set out in the *Corporation Act 2001* in relation to the audit; and

ii 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 year.

PKF

PKF

Paul Bull
Partner

Sydney
11 September 2006

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au
New South Wales Partnership | ABN 83 236 985 726
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia
DX 10173 | Sydney Stock Exchange | New South Wales

>> CORPORATE GOVERNANCE

>> Annual Report for the year ended 30 june 2006

Corporate Governance Statement

The Board has had regard to the ASX 10 Corporate Governance Principles as the benchmark in checking its corporate governance responsibilities. A description of the company's main corporate governance practices are set out below. Unless otherwise stated, all these practices were in place for the entire year.

The Board

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

The Board has referred to the ASX Guidance when considering the independence of non executive directors. The Board has adopted a policy which is primarily consistent with the ASX Guidance, except for the following:

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

This view of independence is considered more appropriate for Ambertech Limited. As such, the Board comprises three independent and two non-independent directors.

Board Committees

The Board has established two committees of directors, the Audit and Risk Management Committee and the Nomination and Remuneration Committee, responsible for considering specific issues and making recommendations to the Board. Each committee has a formal charter.

Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for ensuring that:

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

Members of the Committee are Ed Goodwin (Chairperson) and Peter Wallace, each of whom is a non-executive director with appropriate financial and business expertise to act effectively as members of the Audit and Risk Management Committee.

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

Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee is to provide recommendations to the Board on various matters including:

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

Members of the Nomination and Remuneration Committee are Peter Wallace (chairperson), and David Swift, each of whom is a non executive director.

The Nomination and Remuneration Committee will meet at least once a year and at such other times as the chairman of that committee considers necessary.

Corporate Reporting

The Managing Director and Chief Financial Officer have made the following certifications to the Board:

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

Securities Trading

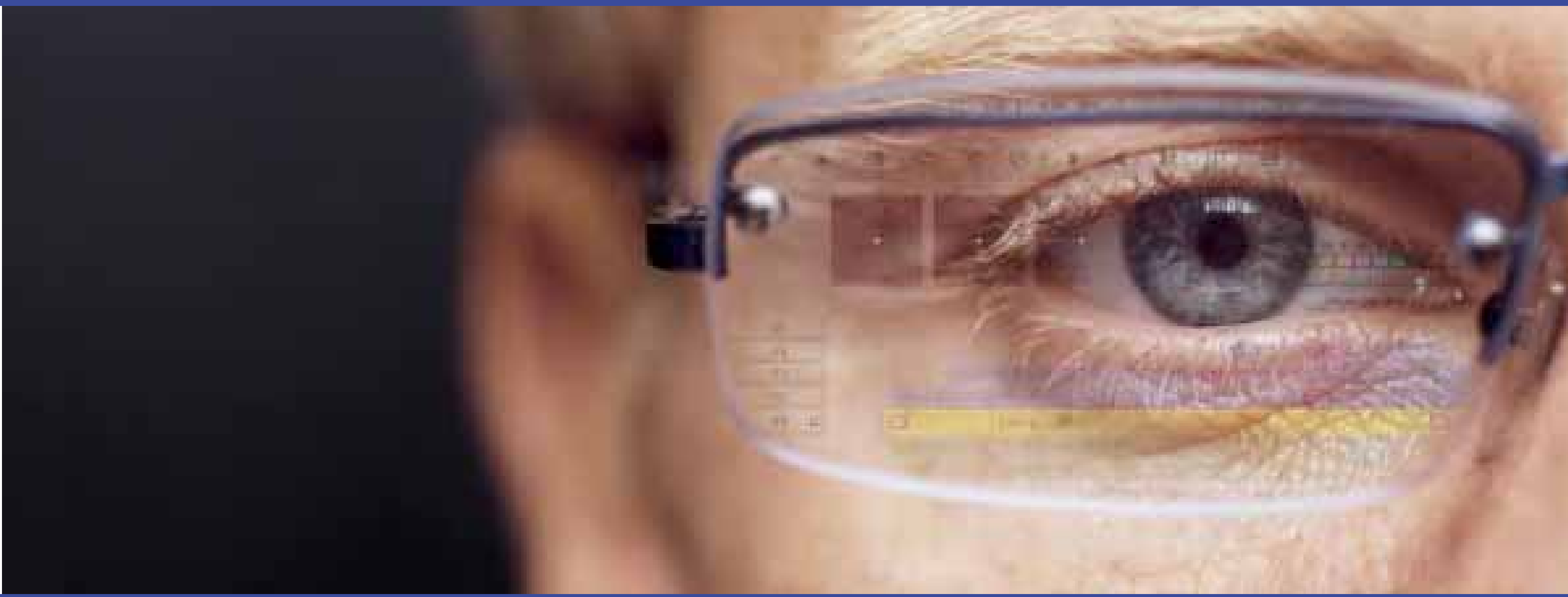
The Company's Directors and Officers are prohibited from dealing in any of the Company's shares, except while not in possession of unpublished price sensitive information. Directors and Officers are prohibited from dealing in the Company's shares during specified periods prior to the release of the Company's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

External Audit

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

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

>> Financial Position



>> Annual Report for the year ended 30 june 2006

Ambertech LIMITED

>> INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

		Economic Entity		Parent Entity	
		2006	2005	2006	2005
	Note	$'000	$'000	$'000	$'000
Revenues	3	51,529	52,980	1,000	3,015
Cost of sales	4	(34,142)	(34,952)	-	-
Gross profit		17,387	18,028	1,000	3,015
Other income	3	2	205	-	-
Employee benefits expense	4	(7,943)	(6,962)	(153)	-
Distribution costs		(1,870)	(1,631)	-	-
Marketing costs		(1,462)	(1,255)	-	-
Premises costs		(972)	(879)	-	-
Depreciation and amortisation expenses	4	(338)	(311)	-	-
Finance costs		(452)	(325)	(9)	(1)
Other expenses		(2,197)	(2,042)	(145)	(185)
Profit before income tax	4	2,155	4,828	693	2,829
Income tax expense	5	(669)	(1,570)	92	(40)
Profit attributable to the members of the parent entity		1,486	3,258	785	2,789

Earnings per share			
Basic earnings per share	24	4.8	11.1
Diluted earnings per share	24	4.8	11.1

The income statements are to be read in conjunction with the attached notes.

>> STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

	Share Capital $'000	Option Reserve $'000	Foreign Currency Translation Reserve $'000	Retained Earnings $'000	Total Equity $'000
Economic Entity					
Balance as at 1 July 2004	**7,917**	**-**	**79**	**5,613**	**13,609**
Net exchange differences	-	-	24	-	24
Net income/(expense) recognised directly in equity	-	-	24	-	24
Profit for the year	-	-	-	3,258	3,258
Total recognised income and expense for the period	-	-	24	3,258	3,282
Transactions with equity holders:					
Shares issued during the period	5,300	-	-	-	5,300
Shares bought back during the period	(1,500)	-	-	-	(1,500)
Equity transaction costs, net of tax	(447)	-	-	-	(447)
Costs of share based payments	-	20	-	-	20
Dividends	-	-	-	(2,926)	(2,926)
	3,353	20	-	(2,926)	447
Balance as at 30 June 2005	**11,270**	**20**	**103**	**5,945**	**17,338**
Net exchange differences	-	-	(144)	-	(144)
Net income/(expense) recognised directly in equity	-	-	(144)	-	(144)
Profit for the year	-	-	-	1,486	1,486
Total recognised income and expense for the period	-	-	(144)	1,486	1,342
Transactions with equity holders:					
Shares bought back during the period	(5)	-	-	-	(5)
Costs of share based payments	-	45	-	-	45
Dividends	-	-	-	(1,852)	(1,852)
	(5)	45	-	(1,852)	(1,812)
Balance as at 30 June 2006	**11,265**	**65**	**(41)**	**5,579**	**16,868**
Parent Entity					
Balance as at 1 July 2004	**7,917**	**-**	**-**	**1,499**	**9,416**
Net income/(expense) recognised directly in equity	-	-	-	-	-
Profit for the year	-	-	-	2,789	2,789
Total recognised income and expense for the period	-	-	-	2,789	2,789
Transactions with equity holders:					
Shares issued during the period	5,300	-	-	-	5,300
Shares bought back during the period	(1,500)	-	-	-	(1,500)
Equity transaction costs, net of tax	(447)	-	-	-	(447)
Costs of share based payments	-	20	-	-	20
Dividends	-	-	-	(2,926)	(2,926)
	3,353	20	-	(2,926)	447
Balance as at 30 June 2005	**11,270**	**20**	**-**	**1,362**	**12,652**
Net income/(expense) recognised directly in equity	-	-	-	-	-
Profit for the year	-	-	-	785	785
Total recognised income and expense for the period	-	-	-	785	785
Transactions with equity holders:					
Shares bought back during the period	(5)	-	-	-	(5)
Costs of share based payments	-	45	-	-	45
Dividends	-	-	-	(1,852)	(1,852)
	(5)	45	-	(1,852)	(1,812)
Balance as at 30 June 2006	**11,265**	**65**	**-**	**295**	**11,625**

The statements of changes in equity are to be read in conjunction with the attached notes.

>> BALANCE SHEETS AS AT 30 JUNE 2006

	Note	Economic Entity 2006 $'000	Economic Entity 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		1,586	2,930	44	17
Trade and other receivables	6	9,810	8,076	6,362	7,822
Tax receivable		812	-	787	-
Inventories	7	14,259	12,515	-	-
TOTAL CURRENT ASSETS		**26,467**	**23,521**	**7,193**	**7,839**
NON-CURRENT ASSETS					
Other financial assets	8	-	-	4,557	4,557
Plant and equipment	10	954	988	-	-
Intangible assets	11	2,970	2,970	-	-
Deferred tax assets	5	498	539	449	478
TOTAL NON-CURRENT ASSETS		**4,422**	**4,497**	**5,006**	**5,035**
TOTAL ASSETS		**30,889**	**28,018**	**12,199**	**12,874**
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	12	7,585	5,618	574	-
Other financial liabilities	13	5,102	3,489	-	-
Provisions	14	747	715	-	-
Income tax	5	-	289	-	212
TOTAL CURRENT LIABILITIES		**13,434**	**10,111**	**574**	**212**
NON-CURRENT LIABILITIES					
Other financial liabilities	13	35	70	-	-
Deferred tax liabilities	5	-	10	-	10
Provisions	14	552	489	-	-
TOTAL NON-CURRENT LIABILITIES		**587**	**569**	**-**	**10**
TOTAL LIABILITIES		**14,021**	**10,680**	**574**	**222**
NET ASSETS		**16,868**	**17,338**	**11,625**	**12,652**
EQUITY					
Share Capital		11,265	11,270	11,265	11,270
Reserves		24	123	65	20
Retained earnings		5,579	5,945	295	1,362
TOTAL EQUITY		**16,868**	**17,338**	**11,625**	**12,652**

The balance sheets are to be read in conjuntion with the attached notes.

FOR THE YEAR ENDED 30 JUNE 2006

	Note	Economic Entity 2006 $'000	Economic Entity 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		54,208	56,098	-	-
Payments to suppliers and employees		(48,914)	(49,370)	(252)	(166)
Interest received		64	64	-	15
Interest and other costs of finance paid		(426)	(239)	-	-
Income taxes paid		(1,710)	(1,770)	(96)	(1,579)
Goods and services tax remitted		(3,794)	(3,672)	-	-
Net cash provided by/(used in) operating activities	**23**	**(572)**	**1,111**	**(348)**	**(1,730)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales of plant and equipment		-	152	-	-
Payments for plant and equipment		(307)	(326)	-	-
Repayment of loans by related parties		-	-	2,232	2,835
Net cash provided by/(used in) investing activities		**(307)**	**(174)**	**2,232**	**2,835**
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to shareholders		(1,852)	(4,426)	(1,852)	(4,426)
Proceeds from borrowings		1,500	3,350	-	-
Proceeds from issue of shares		-	5,300	-	5,300
Share issue and buyback transaction costs		-	(515)	-	(515)
Payments for shares bought back		(5)	(1,500)	(5)	(1,500)
Repayment of borrowings		(59)	(1,546)	-	-
Net cash provided by/(used in) financing activities		**(416)**	**663**	**(1,857)**	**(1,141)**
Net increase/(decrease) in cash and cash equivalents held		(1,295)	1,600	27	(36)
Cash and cash equivalents at beginning of year		2,930	1,314	17	53
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies at the beginning of the financial year.		(49)	16	-	-
Cash and cash equivalents at end of year	**23**	**1,586**	**2,930**	**44**	**17**

The cash flow statements are to be read in conjunction with the attached notes.

NOTE 1: INTRODUCTION

This financial report covers both Ambertech Limited as an individual entity and the economic entity consisting of Ambertech Limited and its subsidiaries. Ambertech Limited is a company limited by shares, incorporated and domiciled in Australia.

Operations and principal activities

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

Scope of financial statements

The consolidated financial statements have been prepared by Ambertech Ltd in accordance with paragraph 9.1 of AASB 127 "Consolidated and Separate Financial Statements".

Currency

The financial report is presented in Australian dollars and rounded to the nearest one thousand dollars.

Registered office

Unit B, 5 Skyline Place, Frenchs Forest NSW 2086

Authorisation of financial report

The financial report was authorised for issue on 11 September 2006 by the Directors. The company has the power to amend the financial report.

First Time Adoption of Australian Equivalent to IFRS

An explanation of how the transition from previous GAAP to AIFRS has affected the consolidated entity's financial position, performance and cash flows is set out below:

		Economic Entity		Parent Entity	
Effect on the Total Equity of the Entity	**Note**	**30 June 05 $'000**	**1 July 04 $'000**	**30 June 05 $'000**	**1 July 04 $'000**
Total Equity under previous GAAP as at		16,740	13,230	12,591	9,416
- Reversal of amortisation of goodwill	i	556	408	-	-
- Formation costs written off	ii	(19)	(29)	-	-
- Share based payments reserve	iii	20	-	-	-
- Share based payments expense	iii	(20)	-	-	-
- Deferred tax adjustment due to share issue costs	iv	61	-	61	-
Total Equity under AIFRS as at		**17,338**	**13,609**	**12,652**	**9,416**
Effect on the Retained Earnings of the Entity					
Retained Earnings under previous GAAP as at		5,434	5,235	1,388	1,499
- Reversal of amortisation of goodwill	i	556	408	-	-
- Formation costs written off	ii	(19)	(29)	-	-
- Share based payments expense	iii	(20)	-	(20)	-
- Deferred tax adjustment due to share issue costs	iv	(6)	-	(6)	-
Retained Earnings under AIFRS as at		**5,945**	**5,614**	**1,362**	**1,499**

	Note	**Economic Entity 30 June 05 $'000**	**Parent Entity 30 June 05 $'000**
Effect on the Profits of the Entity			
Profit for the period under previous GAAP		3,127	2,815
- Reversal of amortisation of goodwill	i	148	-
- Formation costs amortisation write back	ii	9	-
- Share based payments expense	iii	(20)	(20)
- Deferred tax adjustment due to share issue costs	iv	(6)	(6)
Total profits under AIFRS for the period ended		**3,258**	**2,789**

Effect on the Cash Flows of the Entity
There was no effect on the cash flows of the economic entity as a result of the transition to AIFRS.

Notes to Reconciliation

i Intangibles

Prior to the adoption of AIFRS, the economic entity amortised goodwill over a period of 20 years. Under AIFRS, goodwill is classified as an intangible asset with an indefinite useful life, and as such amortisation of goodwill is no longer permitted, but impairment assessment of goodwill is required at least annually.

Impairment testing as at 30 June 2006 confirmed no impairment of the goodwill. The previously amortised goodwill of $408,000 has been reversed resulting in a corresponding increase of $408,000 in retained earnings as at 1 July 2004, and an increase in profit amounting to $148,000 for the year ended 30 June 2005.

ii Formation Costs

Prior to the adoption of AIFRS, the economic entity had capitalised formation costs and amortised these over a period of 20 years. Under AIFRS, these formation costs were written off as a transitional adjustment as at 1 July 2004, and the profit adjusted in the ensuing periods to recognise that amortisation of formation costs no longer occurs.

iii Share based payments

Under AASB 2 Share Based Payments, the Company is required to determine the fair value of performance rights issued to employees as remuneration and recognise an expense in the Income Statement. This standard also extends to options and other forms of equity based remuneration. It applies to all share based payments issued after 7 November 2002 which have not vested as at 1 January 2005. The Company has undertaken a valuation of performance rights granted using the Black-Scholes Model. On transition to AIFRS there was no impact. For the year ended 30 June 2005 there was an adjustment to the profit and loss of $20,000 and a corresponding credit to the employee equity benefits reserve.

iv Income taxes

Under AASB 112 Income taxes, deferred tax balances are determined using the balance sheet method, which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. The consolidated entity assessed the impact of AASB 112 on the tax balances of the group and the most significant impact was the recognition of a deferred tax asset at float date (7 December 2004) of $67,000, in relation to share issue costs deductible in future years (with a corresponding increase in contributed equity). The balance at 30 June 2005 was $62,000.

Adjustments to the deferred taxes resulted in income tax expense adjustment of $6,000 for the year ended 30 June 2005.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Overall Policy

The principal accounting policies adopted by Ambertech Limited comprising the parent entity and its subsidiaries are stated in order to assist in a general understanding of the financial report. The financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

Financial report complies with AIFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (IFRS). Compliance with the Australian equivalents to IFRS (AIFRS) ensures that the financial report, comprising the group's financial statements and notes and the parent entity financial statements and notes of Ambertech Limited, complies with IFRS.

Impact of new accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting periods. The economic entity's assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 1, AASB 4, AASB 1023 & AASB 1038]

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The economic entity has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the economic entity's financial instruments.

(b) Significant judgements and key assumptions

Judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements concern impairment of goodwill. The economic entity tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(k). These calculations require the use of assumptions, and these are described further in note 11.

(c) Consolidation Policy

A controlled entity is any entity controlled by Ambertech Limited. Control exists where Ambertech Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Ambertech Limited to achieve the objectives of Ambertech Limited. Details of the controlled entities are contained at Note 9.

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

(d) Revenue Recognition

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of goods and services to entities outside the economic entity.

Sale of goods

Revenue from the sale of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyer. In most cases this coincides with the transfer of legal title, or the passing of possession to the buyer.

Rendering of services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue

Interest revenue is recognised as it accrues using the effective interest method.

Dividend revenue

Dividends are recognised as income as they are received, net of any franking credits.

(e) Cash and cash equivalents

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

(f) Receivables

Trade accounts and notes receivable and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

(g) Inventory

Inventories are measured at the lower of 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.

(h) Plant and Equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Plant and equipment is depreciated from the date of acquisition or, in respect of leasehold improvements, from the time the asset is completed and ready for use. The depreciation rates used for each class of plant and equipment remain unchanged from the previous year and are as follows:

Class of Asset	**Useful life**
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 equimpent belong are written down to their recoverable amount.

(i) Investments in subsidiaries

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

(j) Intangible Assets

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

Goodwill is stated at cost less any accumulated impairment. Goodwill is allocated to cash generating units and is not subject to amortisation, but tested annually for impairment (refer to note 2(k)).

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

(k) Impairment of Assets

The carrying amount of the economic entity's assets are reviewed at each balance date to determine whether there is any indication of impairment. Assets are tested for impairment as part of the cash generating unit to which they belong. If any such indication exists, the asset is written down to its recoverable amount.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

(l) Trade and other payables

Trade accounts, other payables and accrued liabilities represented the principal amounts outstanding at balance sheet date, plus where applicable, any accrued interest.

(m) Bills payable

Bills payable represented the principal amounts outstanding at balance sheet date, plus where applicable, any accrued interest.

(n) Service warranties

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

(o) Leases

(i) Finance leases
Assets held under finance leases are recognised as a receivable and finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

(ii) Operating leases
Assets held for operating leases are depreciated over their estimated useful lives. Income is recognised on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefits are diminished.

(p) Share Based Payments

Options issued over ordinary shares are valued using a pricing model which takes into account the option exercise price, the current level and volitility 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 are recognised in an option reserve until the options are exercised or expire.

(q) Employee Benefits

Short term employee benefits are employee benefits (other than termination benefits and equity compensation benefits) which fall due wholly within 12 months after the end of the period in which employee services are rendered. They comprise wages, salaries, commissions, social security obligations, short-term compensation absences and bonuses payable within 12 months and non-mandatory benefits such as car allowances.

The undiscounted amount of short-term employee benefits expected to be paid is recognised as an expense.

Other long-term employee benefits include long-service leave payable 12 months or more after the end of the financial year.

(r) Income Tax

Income taxes are accounted for using

- the tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

(s) Foreign Currency Translation

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

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

(t) Earnings Per Share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the year but not distributed at balance date.

	Economic Entity		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
NOTE 3: REVENUE				
Revenue				
- Sale of goods and services	51,465	52,916	-	-
- Interest received	64	64	-	15
- Dividends received	-	-	1,000	3,000
	51,529	52,980	1,000	3,015
Other income				
- Net gain on disposal of plant and equipment	2	145	-	-
- Net foreign currency gains (net loss in 2006, refer to note 4)	-	60	-	
	2	205	-	-
NOTE 4: ITEMS INCLUDED IN PROFIT (LOSS)				
Additional information on the nature of expenses				
Inventories				
Cost of sales	34,142	34,952	-	-
Write down of inventories to net realisable value	151	107	-	-
Employee benefits expense				
Salaries and wages	7,801	6,869	153	-
Employee termination expense	142	93	-	-
	7,943	6,962	153	-
Depreciation				
Plant and equipment	201	201	-	-
Furniture and fittings	40	34	-	-
Leasehold improvements	72	62	-	-
	313	297	-	-
Amortisation				
Leased plant and equipment	25	14	-	-
Bad and doubtful debts	67	64	-	-
Rental expense on operating leases:				
Minimum lease payments	913	591	-	-
Net foreign currency losses (net gain in 2005, refer to note 3)	**26**	**-**	**-**	**-**

	Economic Entity 2006 $'000	Economic Entity 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
NOTE 5: INCOME TAXES				
Major components of income tax expense				
Current income tax expense	689	1,623	(74)	16
Deferred taxes	(20)	(53)	(18)	24
Income tax expense	669	1,570	(92)	40
Reconciliation between income tax expense and prima facie tax on accounting profit (loss)				
Accounting profit (loss)	2,155	4,828	693	2,829
Tax at 30% (2005:30%)	647	1,448	208	849
Tax effect of non deductible expenses				
- Entertainment	21	16	-	-
- Amortisation	-	47	-	-
- Other items	-	53	-	-
Tax effect of non assessable income				
- Dividends	-	-	(300)	(821)
Over provision for income tax in prior year	1	6	-	12
Income tax expense	669	1,570	(92)	40

Applicable tax rate

The applicable tax rate is the national tax rate in Australia.

	Economic Entity 2006 $'000	Economic Entity 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Analysis of deferred tax assets				
Employee benefits deducted for tax purposes when paid	331	271	331	274
Allowance for doubtful accounts	19	19	15	15
Accrued expenses	66	116	21	56
Share based payments	48	62	48	62
Leased assets	21	36	21	36
Unrealised foreign currency translation	13	-	13	-
Business related capital costs	-	35	-	35
	498	539	449	478

Tax consolidated group

Ambertech Limited is head entity in a tax consolidated group. The tax consolidated legislation has been applied in respect of the year ended 30 June 2006.

Ambertech Limited has entered into a tax sharing agreement with Amber Technology Limited and Alphan Pty Limited. The tax sharing agreement allows for an allocation of income tax expense to members of the group on the basis of taxable income.

	Economic Entity		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
NOTE 6: TRADE AND OTHER RECEIVABLES				
Current				
Trade receivables	9,521	7,618	-	-
Allowance for doubtful accounts	(60)	(60)	-	-
	9,461	7,558	-	-
Other receivables	132	261	-	-
Receivable from related parties (refer note 20)	-	-	6,362	7,822
Prepayments	217	257	-	-
	9,810	8,076	6,362	7,822

Information concerning effective interest rate and credit risk is set out in note 24.

	Economic Entity 2006 $'000	Economic Entity 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
NOTE 7: INVENTORIES				
Current				
Finished goods at cost	12,807	11,758	-	-
Stock in transit	1,603	814	-	-
	14,410	12,572	-	-
Provision for obsolesence	(151)	(57)	-	-
	14,259	12,515	-	-
NOTE 8: OTHER FINANCIAL ASSETS				
Non Current				
Investment in subsidiares - at cost (refer note 9)	-	-	4,557	4,557
	-	-	4,557	4,557

NOTE 9: CONTROLLED ENTITIES

Entity	Country of Incorporation	Percentage Owned 2006	Percentage Owned 2005
Parent Entity			
- Ambertech Limited	Australia		
Subsidiaries of Ambertech Limited			
- Amber Technology Limited	Australia	100%	100%
Subsidiaries of Amber Technology Limited			
- Alphan Pty Limited	Australia	100%	100%
- Amber Technology (NZ) Limited	New Zealand	100%	100%

	Gross Carrying Amount 2006 $'000	Gross Carrying Amount 2005 $'000	Accumulated depreciation 2006 $'000	Accumulated depreciation 2005 $'000	Net carrying amount 2006 $'000	Net carrying amount 2005 $'000
NOTE 10: PLANT AND EQUIPMENT						
Economic Entity						
Plant and equipment at cost	1,635	1,504	(1,266)	(1,081)	369	423
Furniture and fittings at cost	350	305	(197)	(157)	153	148
Leasehold improvements	509	406	(189)	(117)	320	289
Leased plant and equipment	155	146	(43)	(18)	112	128
Total plant and equipment	2,649	2,361	(1,695)	(1,373)	954	988

Reconciliation of carrying amounts:

2006	Plant and Equipment $'000	Furniture and Fittings $'000	Leasehold Improvements $'000	Leased Plant and equipment $'000	Total $'000
Economic Entity					
Balance at the beginning of the year	423	148	289	128	988
Additions	151	43	103	10	307
Disposals	(5)	-	-	-	(5)
Depreciation expense	(200)	(40)	(72)	(26)	(338)
Effect of change in foreign currency	-	2	-	-	2
Carrying amount at the end of the year	369	153	320	112	954

2006	Plant and Equipment $'000	Furniture and Fittings $'000	Leasehold Improvements $'000	Leased Plant and equipment $'000	Total $'000
Economic Entity					
Balance at the beginning of the year	474	141	290	74	979
Additions	157	40	61	68	326
Disposals	(7)	-	-	-	(7)
Depreciation expense	(201)	(34)	(62)	(14)	(311)
Effect of change in foreign currency	-	1	-	-	1
Carrying amount at the end of the year	423	148	289	128	988

The parent entity does not own any plant and equipment.

	Economic Entity		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
NOTE 11: INTANGIBLE ASSETS				
Goodwill at cost	2,970	2,970	-	-

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

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

	Australia $'000	New Zealand $'000	Total $'000
2006			
Lifestyle Entertainment	1,650	-	1,650
Professional	1,276	44	1,320
	2,926	44	2,970
2005			
Lifestyle Entertainment	1,650	-	1,650
Professional	1,276	44	1,320
	2,926	44	2,970

Recoverable amount of a CGU is based on value in use.

(b) Key assumptions for value in use calculations
- Continuity of operations for at least 10 years.
- Maintenance of market share.
- Growth rate of 5% per year.
- No significant changes impacting the entity or the assets.
- Cash flows based on financial budgets and forecasts approved by management projected over 5 years.
- A discount rate of 5.5% has been applied to cash flow projections.

Values assigned reflect past experience and are consistent with external sources of information.

(c) Impact of possible changes in key assumptions
Management does not consider a change in any of the key assumptions to be reasonably possible that would cause a CGUs carrying amount to exceed its recoverable amount.

	Economic Entity		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
NOTE 12: TRADE AND OTHER PAYABLES				
Current				
Trade accounts payable	5,690	3,776	-	-
Other accounts payable	1,895	1,842	-	-
Due to related parties (refer note 20)	-	-	574	-
	7,585	5,618	574	-
Amounts payable in foreign currencies:				
Trade accounts payable: -				
- US Dollars	2,474	2,180	-	-
- Euro	321	127	-	-
- Swiss Francs	160	114	-	-
- British Pound	55	44	-	-
- New Zealand Dollars	47	16	-	-
- Danish Kroner	4	-	-	-
	3,061	2,481	-	-
NOTE 13: OTHER FINANCIAL LIABILITIES				
Current				
Bills payable (c)	4,850	3,350	-	-
Lease liability (d)	43	49	-	-
Other loans (e)	209	90	-	-
	5,102	3,489	-	-
NON-CURRENT				
Lease liability (d)	35	70	-	-

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

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

c. Bills payable

The commercial bill facility is secured by a charge over the assets of Amber Technology Limited.
Guarantees are in place to a limit of $5,200,000 (2005:$5,000,000). The value of assets at balance date is $22,962,631.

d. Lease liabilities

Lease liabilities are secured by a charge over the assets financed.

e. Other loans

The inventory financing agreement is secured by a floating charge over the assets of Alphan Pty Limited.
The value of the assets at balance date is $6,926,500.

	Economic Entity 2006 $'000	Economic Entity 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
NOTE 14: PROVISIONS				
Current				
Service warranty	206	223	-	-
Employee benefits	541	492	-	-
	747	715	-	-
Non Current				
Employee benefits	552	489	-	-

Service Warranty

Estimated warranty claims in respect of goods sold under warranty, based on warranty claims history.

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

	Economic Entity 2006 $'000	Economic Entity 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Opening balance	223	206	-	-
Additional provision recognised	160	169	-	-
Reductions resulting from payments	(177)	(152)	-	-
Closing balance	206	223	-	-

NOTE 15: SHARE CAPITAL

	No. Shares 2006	No. Shares 2005
Issued: Ordinary Shares fully paid (no par value)	30,853,305	30,863,000
Movements during the year		
Opening balance	30,863,000	11,478,870
Conversion of preference shares as a result of IPO listing	-	3,590,401
Shares issued during the year	-	17,293,729
Shares bought back during the year	(9,695)	(1,500,000)
Closing balance	30,853,305	30,863,000

Share Buy Back

On 2 September 2005, the company announced an on market buy back of up to 1,543,150 ordinary shares on issue. The buy back is a part of the company's capital management and designed to improve shareholder returns. On 26 June 2006 the company bought back 9,695 shares. (See note 19).

	Economic Entity 2006 $'000	Economic Entity 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
NOTE 16: RESERVES				
Foreign currency translation reserve	(41)	103	-	-
Share based payments reserve	65	20	65	20
	24	123	65	20

For an explanation of movements in reserve accounts refer to Statements of changes in equity

(a) Nature and purpose of reserves

(i) Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve as described in note 2(i). The reserve is recognised in profit and loss when the net investment is disposed of.

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

NOTE 17: COMMITMENTS FOR EXPENDITURE

	Economic Entity 2006 $'000	Economic Entity 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Finance lease commitments				
Payable:				
Not later than 1 year	51	59	-	-
Later than 1 year but not later than 5 years	33	72	-	-
Minimum lease payments	84	131	-	-
Less future finance charges	(6)	(12)	-	-
	78	119	-	-
Operating lease commitments				
Payable:				
Not later than 1 year	747	608	-	-
Later than 1 year but not later than 5 years	3,648	2,329	-	-
Later than 5 years	836	598	-	-
Minimum lease payments	5,231	3,535	-	-

The Frenchs Forest property lease is a non-cancellable lease with a four-year term, with rent payable monthly in advance. An option exists to renew the lease at the end of the four-year term for an additional term of four years. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by a rent review at the beginning of the option period to market value, but with an increase not less than 3% per annum. The lease allows for sub-letting of all lease areas.

NOTE 18: CONTINGENT LIABILITIES

	Economic Entity 2006 $'000	Economic Entity 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Estimates of the maximum amounts of contingent liabilities that may become payable:				
- Bank guarantees by Amber Technology Limited in respect of various property lease rentals	193	193	-	-
	193	193	-	-

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

NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE

On 2 September 2005, the company announced an on market buy back of up to 1,543,150 ordinary shares on issue. The buy back is part of the company's capital management and designed to improve shareholder returns. During the year ended 30 June 2006, the company bought back 9,695 shares. Since the end of the financial year, and up to the date of this report, the company bought back a further 145,000 shares, bringing the total buy back to 154,965 shares at a total cost of $79,663.

NOTE 20: RELATED PARTY TRANSACTIONS

Parent and ultimate controlling entity

The parent and ultimate controlling entity is Ambertech Limited. The names and information about subsidiaries are included at note 9.

	Economic Entity		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Transactions between related parties				
- Current receivables from subsidiaries	-	-	5,362	7,822
- Current payables to subsidiaries	-	-	574	-

Key management personnel compensation

Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of the economic entity

	Economic Entity		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Summary				
- Short term employee benefits	1,628	1,687	1,481	1,540
- Post employment benefits	105	111	105	111
- Share based payments	45	20	45	20
	1,778	1,818	1,631	1,671

Key management personnel

Name	**Position**	**Name**	**Position**
P Wallace	Non-Executive Chairman	B Lee	General Manager, Lifestyle Entertainment
P Amos	Managing Director	N Streatfield	General Manager, Avid
T Amos	Non-Executive Director	R McCleery	Director, Amber New Zealand
E Goodwin	Non-Executive Director	R Caston	Divisional Manager, Broadcast
D Swift	Non-Executive Director	J Fitzpatrick	Divisional Manager, Professional
N Cairns	Non-Executive Director (resigned 20/10/2005)	D Small	Divisional Manager, Audioworks
R Glasson	Chief Financial Officer		

The company has taken advantage of the relief provided by ASIC Class Order CO 06/50 and information required to be disclosed by AASB 124 paragraphs Aus25.4 to Aus 25.7.2 in respect of the remuneration of key management personnel is presented in the directors' report.

NOTE 21: SHARE BASED PAYMENT ARRANGEMENTS

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

There were no options exercised, fortified or that lapsed during the financial year. The fair value of the options as at the date issued was determined with reference to the market price. In relation to bonus issues, each outstanding option confers on the option holder the right to receive, on exercise of those outstanding options, not only one share for each of the outstanding options exercised but also the additional shares the option holder would have received had the option holder participated in the bonus issue as a holder of ordinary shares.

	Number of Options over Ordinary Shares	
	2006	**2005**
Employee Share Option Plan		
Held by employees at the beginning of the year	950,000	-
Granted by the company during the year		
- with exercise price of $1.20	-	750,000
- with exercise price of $1.35	-	200,000
Held by employees at the end of the year	950,000	950,000
Exercisable at the end of the year	715,000	475,000

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

Date Granted	Exercise Period Start	Exercise Period Finish	Exercise Price	Balance at start of year	Granted during the year	Balance at end of year	Exercisable at end of year
Consolidated and parenty entity 2006							
7/12/2004	7/12/2004	7/12/2009	$1.20	270,000	-	270,000	270,000
7/12/2004	31/12/2004	31/12/2009	$1.20	35,000	-	35,000	35,000
7/12/2004	31/03/2005	31/03/2010	$1.20	135,000	-	135,000	135,000
7/12/2004	30/06/2005	30/06/2010	$1.20	35,000	-	35,000	35,000
7/12/2004	30/09/2005	30/09/2010	$1.20	135,000	-	135,000	135,000
7/12/2004	31/12/2005	31/12/2010	$1.20	35,000	-	35,000	35,000
7/12/2004	31/03/2006	31/03/2011	$1.20	35,000	-	35,000	35,000
7/12/2004	30/06/2006	30/06/2011	$1.20	35,000	-	35,000	35,000
7/12/2004	30/09/2006	30/09/2011	$1.35	135,000	-	135,000	-
7/12/2004	30/09/2007	30/09/2012	$1.35	100,000	-	100,000	-
				950,000	-	950,000	715,000
Weighted average exercise price				**$1.23**		**$1.23**	**$1.20**

Date Granted	Exercise Period Start	Exercise Period Finish	Exercise Price	Balance at start of year	Granted during the year	Balance at end of year	Exercisable at end of year
Consolidated and parenty entity 2006							
7/12/2004	7/12/2004	7/12/2009	$1.20	-	270,000	270,000	270,000
7/12/2004	31/12/2004	31/12/2009	$1.20	-	35,000	35,000	35,000
7/12/2004	31/03/2005	31/03/2010	$1.20	-	135,000	135,000	135,000
7/12/2004	30/06/2005	30/06/2010	$1.20	-	35,000	35,000	35,000
7/12/2004	30/09/2005	30/09/2010	$1.20	-	135,000	135,000	-
7/12/2004	31/12/2005	31/12/2010	$1.20	-	35,000	35,000	-
7/12/2004	31/03/2006	31/03/2011	$1.20	-	35,000	35,000	-
7/12/2004	30/06/2006	30/06/2011	$1.20	-	35,000	35,000	-
7/12/2004	30/09/2006	30/09/2011	$1.35	-	135,000	135,000	-
7/12/2004	30/09/2007	30/09/2012	$1.35	-	100,000	100,000	-
				-	950,000	950,000	475,000
Weighted average exercise price					**$1.23**	**$1.23**	**$1.20**

	Economic Entity		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Fair value of options granted				
Share options granted during the year:				
- Weighted average fair value at measurement date	$0.43	$0.48	$0.43	$0.48
Fair value was measured using the Black-Scholes option pricing model. Inputs to that model was as follows:				
- share price at grant date	$0.87	$0.94	$0.87	$0.94
- exercise price	$1.20	$1.20	$1.20	$1.20
- option life	5 yrs	5 yrs	5 yrs	5 yrs
- risk-free interest rate	5.8%	5.5%	5.8%	5.5%
- expected dividend yield	2.0%	2.0%	2.0%	2.0%
- expected volatility	71.4%	71.4%	71.4%	71.4%

Expected volatility was determined wholly on the basis of historical volatility.

NOTE 22: SEGMENT REPORTING

Business Segments

The consolidated entity comprises the following main business 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.

	Professional		Lifestyle Entertainment		Eliminations		Economic Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
NOTE 22: SEGMENT REPORTING								
Revenue								
- Sales to external customers	23,383	27,190	28,082	25,726	-	-	51,465	52,916
- Inter-segment sales	1,770	3,460	-	-	(1,770)	(3,460)	-	-
Total sales revenue	25,153	30,650	28,082	25,726	(1,770)	(3,460)	51,465	52,916
Result								
- Segment result	1,051	2,779	1,815	2,371	-	-	2,866	5,150
- Unallocated/corporate result							(323)	(150)
							2,543	5,000
- Net interest							(388)	(172)
- Profit before income tax							2,155	4,828
- Income tax expense							(669)	(1,570)
- Profit for the year							1,486	3,258
Assets								
- Segment Assets	7,516	9,571	16,652	10,619	-	-	24,168	20,190
- Unallocated/corporate assets							6,721	7,828
- Total assets							30,889	28,018
Liabilities								
- Segment Liabilities	4,905	3,094	785	683	-	-	5,690	3,777
- Unallocated/corporate liabilities							8,331	6,903
-Total liabilities							14,021	10,680
Other								
- Acquisition of non current segment assets	-	-	-	-	-	-	-	-
- Unallocated/corporate assets							307	343
							307	343
- Depreciation and amortisation of segment assets		-	-	-	-	-	-	-
- Unallocated depreciation and amortisation							338	311
							338	311
- Other non-cash expenses		-	-	-	-	-	-	-
- cash expenses							14	14
							14	14

Secondary reporting - Geographical Segments

	Segment Revenues from Sales to External Customers		Carrying Amount of Segment Assets		Acquisition of Non-Current Assets	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Geographical Location						
- Australia	47,930	46,698	29,692	25,363	281	343
- New Zealand	3,535	6,218	1,197	2,655	26	-
	51,465	52,916	30,889	28,018	307	343

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 and inventories. All remaining assets of the economic entity are considered to be unallocated assets, including property, plant and equipment, As such, depreciation and amortisation are also classified as unallocated expenses. Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings.

Segment assets and liabilities do not include income taxes.

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 at an arm's length. These transfers are eliminated on consolidation.

	Economic Entity		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
NOTE 23: CASH FLOW INFORMATION				
(i) Cash and cash equivalents				
Cash and cash equivalents included in the Cash Flow Statement comprise the following amounts:				
Cash on hand	3	3	-	-
At call deposits with financial institutions	1,583	2,927	44	17
	1,586	2,930	44	17
(ii) Reconciliation of net cash provided by/(used in) operating activities to profit or loss after income tax				
Profit for the year	1,486	3,258	785	2,789
Amortisation	25	14	-	-
Depreciation	313	297	-	-
Net (gain) on disposal of plant and equipment	(2)	(145)	-	-
Borrowing expenses	20	8	9	-
Non-cash share based payments	45	20	45	20
Net exchange differences	26	(4)	-	-
Changes in operating assets and liabilities				
(Increase) in receivables	(1,773)	(3,741)	(781)	-
(Increase)/Decrease in prepayments	40	(84)	-	-
(Increase) in inventories	(1,744)	(2,786)	-	-
(Increase) in tax receivable	(812)	-	(787)	-
Increase in provisions	95	155	-	-
Increase/(Decrease) in payables	1,967	4,319	574	(4,283)
Increase/(Decrease) in income tax payable	(289)	(253)	(212)	(232)
(Increase)/Decrease in deferred tax assets	41	-	29	-
Increase/(Decrease) in deferred tax liabilities	(10)	53	(10)	(24)
Net cash provided by/(used in) operating activities	(572)	1,111	(348)	(1,730)

(III) Non Cash Financing and Investing Activities

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

NOTE 24: FINANCIAL INSTRUMENTS; INTEREST AND CREDIT RISK EXPOSURE

Exposure to interest rate risk on financial assets and liabilities is set out in the following table.

		Fixed Interest Maturing					
	Non-Interest Bearing $'000	Within 1 Year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Floating Interest $'000	Total $'000
2006 Consolidated Entity							
Financial Assets							
Cash and cash equivalents	-	-	-	-	-	1,586	1,586
Trade and other receivables	9,810	-	-	-	-	-	9,810
Total Financial Assets	9,810	-	-	-	-	1,586	11,396
Range of effective interest rates						4.8 to 5.2%	
Financial Liabilities							
Trade and other payables	7,585	-	-	-	-	-	7,585
Bills payable	-	4,850	-	-	-	-	4,850
Other loans	-	209	-	-	-	-	209
Lease liabilities	-	43	35	-	-	-	78
Total Financial Liabilities	7,585	5,102	35	-	-	-	12,722
Range of effective interest rates		6.4 to 6.5%	10.3 to 14.3%				
2005 Consolidated Entity							
Financial Assets							
Cash and cash equivalents	-	-	-	-	-	2,930	2,930
Trade and other receivables	8,076	-	-	-	-	-	8,076
Total Financial Assets	8,076	-	-	-	-	2,930	11,006
Range of effective interest rates						4.8 to 4.9%	
Financial Liabilities							
Trade and other payables	5,618	-	-	-	-	-	5,618
Bills payable	-	3,350	-	-	-	-	3,350
Other loans	-	90	-	-	-	-	90
Lease liabilities	-	49	43	27	-	-	119
Total Financial Liabilities	5,618	3,489	43	27	-	-	9,177
Range of effective interest rates		6.1 to 6.2%	10.3 to 14.3%	10.3 to 14.3%			

Credit Risk Exposure

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The economic entity does not have any material credit risk exposure to any single debtor or group of debtors.

	Economic Entity 2006	Economic Entity 2005
NOTE 25: EARNINGS PER SHARE		
Basic earnings per share (cents)	4.8	11.1
Weighted average number of ordinary shares (number)	30,862,893	29,213,920
Earnings used to calculate basic earnings per share ($)	1,486,000	3,258,000
Diluted earnings per share (cents)	4.8	11.1
Weighted average number of ordinary shares (number)	30,862,893	29,213,920
Earnings used to calculate diluted earnings per share ($)	1,486,000	3,258,000

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

NOTE 26: CREDIT STANDBY ARRANGEMENTS AND LOAN FACILITIES

The economic entity has a commercial bill facility of $5,200,000 (2005: $5,000,000) provided by the economic entity's bankers. A deed of cross guarantee exists between Ambertech Limited and its subsidiaries, Amber Technology Limited and Alphan Pty Limited in relation to security over the commercial facility.

	2006		2005	
	Used $'000	Unused $'000	Used $'000	Unused $'000
Commercial Bill Facility	4,850	350	3,350	1,650

	Economic Entity 2006 $'000	Economic Entity 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
NOTE 27: AUDITORS' REMUNERATION				
During the year the following fees were paid or payable for services provided by the auditor of the parent and its related practices:				
Audit services				
PKF New South Wales firm				
Audit and review of financial reports, and other work under the Corporations Act 2001.	113	56	-	-
Related practices of PKF New South Wales firm				
Audit or review of financial reports of subsidiary	10	9	-	-
Total remuneration for audit services	123	65	-	-
Taxation services				
PKF New South Wales firm				
Tax compliance services, including review of company income tax returns	63	111	-	-
Tax consulting and tax advice on share buy back and capital reduction	19	-	-	-
Indirect taxation consulting and tax advice on customs	16	-	-	-
Related practices of PKF New South Wales firm				
Tax compliance services, including review of company income tax returns	8	-	-	-
Total remuneration for taxation services	**106**	**111**	**-**	**-**

It is the economic entity's policy to employ PKF on assignments additional to their statutory audit duties where PKF's expertise and experience with the economic entity are important. These assignments are principally tax advice or where PKF is awarded assignments on a competitive basis.

NOTE 28: DIVIDEND FRANKING CREDITS

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

	2006 $'000	2005 $'000
Dividends that have been fully franked:		
Amount in aggregate	1,852	2,926
Cents per share	6.0	10.4
Tax rate	30%	30%
Amount of franking credits available for subsequent reporting periods	4,920	6,139

In the directors' opinion:

a. the financial statements and notes are in accordance with the Corporations Act 2001, including

   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the company's and economic entity's financial position as at 30 June 2006 and of its performance, as represented by the results of their operations, changes in equity and the cash flows, for the financial year ended on that date; and

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

c. the audited remuneration disclosures set out in pages of the directors report comply with Accounting Standard AASB 124 Related Party Disclosures and the Corporations Regulations 2001; and

The directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A of the Corporations Act 2001.

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

Director: P F Wallace

Director: P A Amos

Dated this 11th day of September 2006.

PKF

Chartered Accountants
& Business Advisers

Independent Audit Report to the Members of Ambertech Limited

Scope

The financial report, remuneration disclosures and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for both Ambertech Limited (the company) and its controlled entities (the consolidated entity), for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during the year.

The company has disclosed information about the remuneration of key management personnel ("remuneration disclosures"), as required by Accounting Standard AASB 124 *Related Party Disclosures,* under the heading "remuneration report" in pages 3 to 7 of the directors report, as permitted by the *Corporations Regulations 2001.*

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report Is free of material misstatement and the remuneration disclosures comply with Accounting Standard AASB 124 and the *Corporations Regulations 2001.* The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been identified.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the economic entity's financial position, and of their performance as represented by the results of their operations and cash flows and whether the remuneration disclosures comply with Accounting Standard AASB 124 and the *Corporations Regulations 2001*.

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au
New South Wales Partnership | ABN 83 236 985 726
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia
DX 10173 | Sydney Stock Exchange | New South Wales

PKF

Chartered Accountants
& Business Advisers

We formed our audit opinion on the basis of these procedures, which included:

* examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and remuneration disclosures, and
* assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectivness of management's internal controls over financial reporting when determining the nature of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable Independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit opinion

In our opinion:

(1) the financial report of Ambertech Limited is in accordance with:

(a) The *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

(2) the remuneration disclosures that are contained in pages xx to xx of the directors' report comply with Accounting Standard 124 and the *Corporations Regulations 2001*.

PKF

PKF

Paul Bull
Partner

Sydney
11 September

Shareholders

Distribution of Shareholders

Distribution	Number of Holders
1 - 1,000	73
1,001 - 5,000	114
5,001 - 10,000	122
10,001 - 100,000	115
100,001 and over	15
	439

The number of shareholders holding less than a marketable parcel is 74.

Substantial Shareholders

Name	Number of Ordinary Shares
Wavelink Systems Pty Limited	5,484,625
Kestrel Capital Pty Limited	4,645,266
Crowton Pty Limited	4,275,343
Wygrin Pty Limited	2,933,556
Howbay Pty Limited	2,883,556
National Nominees Limited	1,805,485

Shareholders

Twenty largest shareholders

The 20 largest shareholders comprise:

Name	Number of Ordinary Shares	Percentage of Capital
Wavelink Systems Pty Limited	5,484,625	17.86%
Kestrel Capital Pty Limited	4,645,266	15.13%
Crowton Pty Limited	4,275,343	13.92%
Wygrin Pty Limited	2,933,556	9.55%
Howbay Pty Limited	2,883,556	9.39%
National Nominees Limited	1,805,485	5.88%
Appwam Pty Limited	1,400,000	4.56%
ANZ Nominees Limited	704,176	2.29%
Mr Joseph Grech	464,057	1.51%
Mr Ralph McCleery	357,599	1.16%
Mr Joseph Grech & Mrs Deborah Grech	333,261	1.09%
JP Morgan Nominees Australia Limited	325,775	1.06%
HGL Group Pty Limited	190,000	0.62%
Mr Donald Mackenzie & Mrs Gwenneth Mackenzie	152,350	0.50%
Ms Natasha Fink	109,900	0.36%
Mr Niall Cairns	100,000	0.33%
Carnethy Investments Pty Limited	100,000	0.33%
Dorran Pty Limited	100,000	0.33%
Norita Pty Limited	100,000	0.33%
Realcal Pty Limited	100,000	0.33%
	26,564,949	**86.51%**

>> Corporate Directory

Ambertech Limited	ACN 079 080 158	
Directors	Chairman – Non-Executive Director	Peter Francis Wallace
	Managing Director	Peter Andrew Amos
	Non-Executive Director	Thomas Robert Amos
	Non-Executive Director	Edwin Francis Goodwin
	Non-Executive Director	David Rostil Swift
Company Secretary	Robert John Glasson	
Registered Office	Unit B 5 Skyline Place Frenchs Forest NSW 2086 Tel: 61 2 9452 8600 Fax: 61 2 9975 1368	
Accountants and Auditors	PKF Chartered Accountants and Business Advisors Level 10, 1 Market Street Sydney NSW 2000	
Share Registry	Link Market Services Locked Bag A14 Sydney South NSW 1235 or Level 12, 680 George Street Sydney NSW 2000 Tel: 02 8280 7111	
Stock Exchange Listing	Australian Stock Exchange ASX Code: AMO	

Ambertech
LIMITED

info@ambertech.com.au www.ambertech.com.au

AMBERTECH Limited
PO Box 942 Brookvale
NSW 2100 Australia

Unit B 5 Skyline Place
Frenchs Forest NSW 2086

Phone: 02 9452 8600
Fax: 02 9975 1368