AMBERTECH LIMITED
AND CONTROLLED ENTITIES
ACN 079 080 158
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2002

AMBERTECH LIMITED
ACN 079 080 158
DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2002.

The names of the directors in office at any time during or since the end of the year are:

P A Amos (Managing Director)
T R Amos (Non-Executive Director)
E F Goodwin (Non-Executive Director)
D Hannay (Non-Executive Director) (resigned 09/10/02)
D R Swift (Non-Executive Director)
P F Wallace (Non-Executive Director) (appointed 09/10/02)
N Cairns (Non-Executive Director) (appointed 09/10/02)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The consolidated profit of the economic entity for the financial year after providing for income tax and eliminating outside equity interests amounted to $1,399,964 (2001: $2,107,046)

A review of the operations of the economic entity during the financial year and the results of those operations found that the changes in market demand and competition have seen an increase in sales of 31.3% to $47,263,812.

No significant changes in the economic entity's state of affairs occurred during the financial year.

The principal activities of the economic entity during the financial year were the importation and distribution of electronic and related equipment for the broadcast and entertainment industries. No significant change in the nature of these activities occurred during the year.

Ambertech Pty Limited formally changed its name to Ambertech Limited by notification to ASIC on 17 July 2002 of a resolution of name change. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

Likely developments in the operations of the economic entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the economic entity.

The economic entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid or declared since the start of the financial year are as follows:

- A fully franked dividend of $1,300,000 is recommended for payment for the year ended 30 June 2002.

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Insurance premiums of $12,999 were paid to indemnify officers and directors for the period 4 October 2001 to 4 October 2002.

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors

Director: ______________________
P A Amos

Dated this 11th day of November 2002.

AMBERTECH LIMITED

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2002

	Note	Economic Entity 2002 $	Economic Entity 2001 $	Parent Entity 2002 $	Parent Entity 2001 $
Revenues from ordinary activities	2	47,308,412	36,035,962	5,960,348	546,014
Gain on issue of new shares by subsidiary		-	505,945	-	-
Cost of sales		(32,916,307)	(25,984,005)	-	-
Employee benefits expense		(5,041,781)	(3,837,889)	-	-
Depreciation and amortisation expenses		(392,302)	(176,244)	(9,793)	-
Borrowing expenses		(334,164)	(235,292)	(25,534)	(40,036)
Other expenses from ordinary activities		(5,810,775)	(2,274,882)	(1,713,469)	(9,708)
Profit from ordinary activities before income tax expense	3	2,813,083	4,033,595	4,211,552	496,270
Income tax expense relating to ordinary activities	4	(1,413,119)	(1,300,366)	(2,700)	-
Net profit from ordinary activities after related income tax expense	22	1,399,964	2,733,229	4,208,852	496,270
Net profits attributable to outside equity interests		-	(626,183)	-	-
Net profit attributable to members of the parent entity		1,399,964	2,107,046	4,208,852	496,270
Net exchange difference arising on translation of financial reports of self sustaining foreign operations		33,042	6,014	-	-
Total changes in equity other than those resulting from transactions with owners as owners		1,433,006	2,113,060	4,208,852	496,270

The accompanying notes form part of these financial statements.

AMBERTECH LIMITED
ACN 079 080 158
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2002

		Economic Entity		Parent Entity	
		2002	2001	2002	2001
	Note	$	$	$	$
CURRENT ASSETS					
Cash assets	7	1,114,891	2,372,603	22,639	16,935
Receivables	8	7,044,288	6,920,315	6,805,000	546,014
Inventories	9	9,461,356	7,797,438	-	-
Other assets	10	187,869	519,851	-	-
TOTAL CURRENT ASSETS		17,808,404	17,610,207	6,827,639	562,949
NON-CURRENT ASSETS					
Other financial assets	11	-	2,000,439	4,968,995	2,800,439
Plant and equipment	13	848,514	739,343	-	-
Deferred tax assets	14	329,633	271,442	-	-
Intangible assets	15	2,858,913	41,383	-	-
Other assets	10	49,093	68,870	-	9,792
TOTAL NON-CURRENT ASSETS		4,086,153	3,121,477	4,968,995	2,810,231
TOTAL ASSETS		21,894,557	20,731,684	11,796,634	3,373,180
CURRENT LIABILITIES					
Payables	16	5,593,903	5,788,335	708,016	439,056
Interest bearing liabilities	17	1,244,279	3,269,343	-	-
Current tax liabilities	18	591,598	1,111,128	-	-
Provisions	19	1,922,221	458,251	1,300,000	-
TOTAL CURRENT LIABILITIES		9,352,001	10,627,057	2,008,016	439,056
NON-CURRENT LIABILITIES					
Payables	16	-	91,737	-	1,091,737
Interest bearing liabilities	17	17,072	124,139	-	-
Deferred tax liabilities	18	33,695	-	-	-
Provisions	19	348,114	280,662	-	-
TOTAL NON-CURRENT LIABILITIES		398,881	496,538	-	1,091,737
TOTAL LIABILITIES		9,750,882	11,123,595	2,008,016	1,530,793
NET ASSETS		12,143,675	9,608,089	9,788,618	1,842,387
EQUITY					
Contributed equity	20	9,744,646	801,000	9,744,646	801,000
Reserves	21	37,732	4,690	-	-
Retained profit	22	2,361,297	6,605,377	43,972	1,041,387
Parent entity interest		12,143,675	7,411,067	9,788,618	1,842,387
Outside equity interest	23	-	2,197,022	-	-
TOTAL EQUITY		12,143,675	9,608,089	9,788,618	1,842,387

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2002

	Note	Economic Entity 2002 $	Economic Entity 2001 $	Parent Entity 2002 $	Parent Entity 2001 $
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers		47,051,831	38,430,020	-	-
Payments to suppliers and employees		(44,426,938)	(36,130,192)	(42,333)	(624)
Interest received		44,598	76,721	-	-
Interest and other costs of finance paid		(334,164)	(182,817)	-	-
Income taxes paid		(1,952,945)	(1,444,560)	-	-
Net cash provided by/(used in) operating activities	28b	382,382	749,172	(42,333)	(624)
CASH FLOW FROM INVESTING ACTIVITIES					
Payment for purchase of business		(1,252,000)	-	-	-
Payments for purchase of property, plant and equipment		(369,619)	(247,952)	-	-
Loans to related parties					
- payments made		-	(125,000)	-	-
- proceeds from repayments		91,691	-	48,037	-
Net cash (used in) investing activities		(1,529,928)	(372,952)	48,037	-
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of borrowings		(123,621)	(62,422)	-	-
Net cash provided by/(used in) financing activities		(123,621)	(62,422)	-	-
Net decrease in cash held		(1,271,167)	313,798	5,704	(624)
Cash at beginning of year		2,372,603	2,055,230	16,935	17,559
Effect of exchange rate changes on the balance of cash held in foreign currencies at the beginning of the financial year		13,455	3,575	-	-
Cash at end of year	28a	1,114,891	2,372,603	22,639	16,935

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Ambertech Limited as an individual parent entity and Ambertech Limited and controlled entities as an economic entity. Ambertech Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a. Principles of Consolidation

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 12.

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

b. Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c. Inventories

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 expenses.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

d. Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased assets, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

Class of Asset	Depreciation Rate
Plant & equipment	3-8 years
Leased plant & equipment	Term of the lease

e. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entities within the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

f. Investments

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

g. Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net tangible assets at date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over the period of 20 years. The balances are reviewed annually and any balance representing future benefits, the realisation of which is considered to be no longer probable, are written off.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

h. Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of short-term assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

The assets and liabilities of overseas controlled entities, which are self-sustaining, are translated at year-end rates and operating results are translated at rates ruling at the end of each month. Gains and losses arising on translation are taken directly to the foreign currency translation reserve.

i. Employee Entitlements

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the economic entity to an employee superannuation fund and are charged as expenses when incurred.

j. Cash

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

k. Revenue

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

l. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

m. Provision for Warranty

Provision is made in respect of the economic entity's estimated liability on all products and services under warranty at balance date. The provision is based on the economic entity's history of warranty claims.

	Note	Economic Entity 2002 $	Economic Entity 2001 $	Parent Entity 2002 $	Parent Entity 2001 $
NOTE 2: REVENUE FROM ORDINARY ACTIVITIES					
Operating activities:					
- Sale of goods		47,263,814	35,959,241	-	-
- Interest received - other		44,598	76,721	-	-
- Dividends received		-	-	5,557,739	-
		47,308,412	36,035,962	5,557,739	-
Non operating activities:					
- Profit on disposal of investment		-	-	402,609	-
		-	-	402,609	-
Total revenue from ordinary activities		47,308,412	36,035,962	5,960,348	-
a. Dividends from					
- Wholly owned subsidiaries		-	-	5,557,739	-
NOTE 3: PROFIT FROM ORDINARY ACTIVITIES					
Profit from ordinary activities before income tax expense has been determined after :					
a. Expenses					
Cost of sales		32,916,307	25,984,005	-	-
Borrowing costs - other		334,164	195,256	-	-
Depreciation of non-current assets:					
- plant and equipment		198,878	123,748	-	-
- leased plant and equipment		57,551	42,511	-	-
- leasehold improvements		7,713	-	-	-
Total depreciation		264,142	166,259	-	-
Amortisation of non-current assets:					
- goodwill		108,382	2,196	-	-
- formation costs		19,778	9,985	9,793	-
		128,160	12,181	9,793	-
Bad and doubtful debts - other		32,879	5,000	-	-
Auditors remuneration					
- audit or review		52,297	29,500	-	-
- other services		16,880	108,720	203,302	-
		69,177	138,220	203,302	-

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Note	Economic Entity 2002 $	Economic Entity 2001 $	Parent Entity 2002 $	Parent Entity 2001 $
NOTE 3: PROFIT FROM ORDINARY ACTIVITIES (continued)					
Remuneration for other services to related practices of the auditor		43,905	-	-	-
Rental expense on operating leases:					
- minimum lease payments		522,969	204,107	-	-
Foreign currency translation losses		-	181,259	-	-
Significant item:					
- Loss on disposal of investment		1,405,979	-	1,405,979	-
b. Revenues and Net Gains					
Foreign currency translation gains		121,042	-	-	-
Significant item:					
- Gain on issue of new shares by subsidiary		-	505,945	-	-

NOTE 4: INCOME TAX EXPENSE

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	Economic Entity 2002 $	Economic Entity 2001 $	Parent Entity 2002 $	Parent Entity 2001 $
Prima facie tax payable on operating profit before income tax at 30% (2001:34%)	843,925	1,371,422	1,263,466	168,732
Add tax effect of:				
- Non-deductible entertainment	8,528	8,427	-	-
- Legal expenses	-	754	-	-
- Relocation expense	-	42,820	-	-
- Amortisation of non-current asset	35,819	6,696	3,301	3,301
- Loss on sale of investment	419,081	-	419,081	-
- Other non deductible items	21,074	-	2,337	-
- Tax losses not brought to account	102,620	8,394	102,620	13,612
- Unrealised loss on sale of investment	120,782	-	-	-
- Adjustment to deferred tax asset for change in company tax rate (2001: from 34% to 30%)	-	34,072	-	-
	1,551,829	1,472,585	1,790,805	185,645
Less tax effect of:				
- Non taxable capital profits on sale of investment	-	-	120,783	-
- Rebateable fully franked dividends	-	-	1,667,322	185,645
- Unrealised profit on consolidation	-	172,021	-	-
- Over provision for income tax in prior year	138,710	198	-	-
Income tax expense attributable to profit from ordinary activities	1,413,119	1,300,366	2,700	-

	Note	Economic Entity 2002 $	Economic Entity 2001 $	Parent Entity 2002 $	Parent Entity 2001 $
NOTE 5: REMUNERATION AND RETIREMENT BENEFITS					
a. Directors' Remuneration					
Income paid or payable to all directors of each entity in the economic entity by the entities of which they are directors:		414,252	377,653	-	-
Income paid or payable to all directors of the parent entity by the parent entity and any related parties:		-	-	-	-
Number of parent entity directors whose income from the parent entity or any related parties was within the following bands:					
$0 - $9,999				6	4
$50,000 - $59,999				-	-
$260,000 - $269,999				-	1
$310,000 - $319,999				1	-

The names of directors of the parent entity who have held office during the financial year are:

P A Amos
T R Amos
E F Goodwin
D R Swift
P F Wallace (appointed 09/10/02)
N Cairns (appointed 09/10/02)
D Hannay (resigned 09/10/02)

	Note	Economic Entity 2002 $	Economic Entity 2001 $	Parent Entity 2002 $	Parent Entity 2001 $
b. Retirement and Superannuation Payments					
Amounts of a prescribed benefit given during the year by the parent entity or a related party to a director or prescribed superannuation fund in connection with the retirement from a prescribed office.		38,057	-	-	-

Full particulars are not provided as the directors believe this would be unreasonable.

	Note	Economic Entity 2002 $	Economic Entity 2001 $	Parent Entity 2002 $	Parent Entity 2001 $
NOTE 6: DIVIDENDS PAID					
Fully franked dividend of 8.42 (2001: Nil) cents per share franked at tax rate of 30% (2001: 30%)		1,300,000	196,756	1,300,000	-
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years		6,690,000	3,300,358	6,229,456	1,134,372
NOTE 7: CASH ASSETS					
Cash on hand		2,400	2,300	-	-
Cash at bank		936,309	1,570,521	22,639	16,935
Deposits at call		176,182	799,782	-	-
		1,114,891	2,372,603	22,639	16,935
NOTE 8: RECEIVABLES					
CURRENT					
Trade debtors		6,953,769	6,723,160	-	-
Provision for doubtful debts		(53,036)	(30,000)	-	-
		6,900,733	6,693,160	-	-
Other debtors		62,209	102,155	-	-
Loans receivable from:					
- Wholly owned subsidiaries		-	-	6,805,000	546,014
- Other entities		81,346	125,000	-	-
		7,044,288	6,920,315	6,805,000	546,014

	Note	Economic Entity 2002 $	Economic Entity 2001 $	Parent Entity 2002 $	Parent Entity 2001 $
NOTE 9: INVENTORIES					
CURRENT					
Finished goods at cost		8,819,520	6,516,989	-	-
Stock in transit		674,563	1,280,449	-	-
Provision for obsolescence		(32,727)	-	-	-
		9,461,356	7,797,438	-	-
NOTE 10: OTHER ASSETS					
CURRENT					
Prepayments		187,869	519,851	-	-
NON CURRENT					
Formation costs		79,880	89,672	9,792	9,792
Less accumulated amortisation		(30,787)	(20,802)	(9,792)	-
		49,093	68,870	-	9,792
NOTE 11: OTHER FINANCIAL ASSETS					
Shares in controlled entities, at cost	12	-	2,000,439	4,968,995	2,800,439
		-	2,000,439	4,968,995	2,800,439

NOTE 12: CONTROLLED ENTITIES

Entity	Country of Incorporation	Percentage Owned 2002	Percentage Owned 2001
Parent Entity			
- Ambertech Pty Limited	Australia		
Subsidiaries of Ambertech Limited			
- Amber Technology Limited	Australia	100%	72.5%
- Professional Electronics Group Pty Limited	Australia	100%	-
- Davki Pty Limited	Australia	100%	-
Subsidiaries of Amber Technology Limited			
- Alphan Pty Limited	Australia	100%	100%
- Amber Technology (NZ) Limited	New Zealand	100%	100%

	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	$	$	$	$

NOTE 12: CONTROLLED ENTITIES (continued)

a. Controlled Entities Acquired

- On 11 June 2002 Ambertech Pty Limited acquired the remaining 27.5% of Amber Technology Limited, with Ambertech Pty Limited entitled to all profits earned from 30 November 2001. The purchase consideration was $5,037,379, and consisted of the issue of 1,446,978 ordinary and 3,590,401 preference shares in Ambertech Pty Limited to the vendors.
- On 11 June 2002 Ambertech Pty Limited acquired 100% of Professional Electronics Holdings Pty Limited for a purchase consideration of $3,980,446. The consideration consisted of $5 cash and the issue of 5,255,000 ordinary shares in Ambertech Pty Limited to the vendors.
- On 11 June 2002 Ambertech Pty Limited acquired 100% of Davki Pty Limited for a purchase consideration of $337,342. The consideration consisted of $16 cash and the issue of 445,356 ordinary shares in Ambertech Pty Limited to the vendors.

Refer also Note 20 and 22 for impact of share buyback and cancellation.

NOTE 13: PROPERTY PLANT AND EQUIPMENT

	Economic Entity 2002 $	Economic Entity 2001 $	Parent Entity 2002 $	Parent Entity 2001 $
Plant and equipment at cost	967,281	712,749	-	-
less accumulated depreciation	(531,517)	(349,449)	-	-
	435,764	363,300	-	-
Leasehold improvements at cost	125,488	76,785	-	-
less accumulated depreciation	(29,847)	(22,204)	-	-
	95,641	54,581	-	-
Furniture and fittings at cost	208,782	139,407	-	-
less accumulated depreciation	(66,823)	(50,646)	-	-
	141,959	88,761	-	-
Capitalised leased plant and equipment	282,391	282,391	-	-
less accumulated depreciation	(107,241)	(49,690)	-	-
	175,150	232,701	-	-
Total property plant and equipment	848,514	739,343	-	-

Movement in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant & Equipment $	Leasehold Improvements $	Furniture & Fittings $	Leased Plant & equipment $	Total $
Economic Entity					
Balance at the beginning of the year	363,300	54,581	88,761	232,701	739,343
Additions	255,015	48,703	69,375	-	373,093
Disposals	(483)	-	-	-	(483)
Reclassification	-	-	-	-	-
Depreciation expense	(182,068)	(7,643)	(16,177)	(57,551)	(263,439)
Carrying amount at the end of the year	435,764	95,641	141,959	175,150	848,514

		Economic Entity		Parent Entity	
		2002	2001	2002	2001
	Note	$	$	$	$
NOTE 14: DEFERRED TAX ASSETS					
Future income tax benefit		329,633	271,442	-	-
NOTE 15: INTANGIBLE ASSETS					
Goodwill at cost		2,967,358	43,945	-	-
Less accumulated amortisation		(108,445)	(2,562)	-	-
		2,858,913	41,383	-	-
NOTE 16: PAYABLES					
CURRENT					
Unsecured liabilities:					
Trade creditors		4,074,566	3,827,052	3,564	16,584
Sundry creditors		860,408	977,177	-	-
GST Payable		462,173	357,648	-	-
Loans payable to:					
- related entities		196,756	626,458	704,452	422,472
		5,593,903	5,788,335	708,016	439,056
NON CURRENT					
Unsecured liabilities:					
Loans payable to:					
- related entities		-	91,737	-	1,091,737
		-	91,737	-	1,091,737
NOTE 17: INTEREST BEARING LIABILITIES					
CURRENT					
Debtors subject to factoring (a)		169,603	1,789,941	-	-
Lease liability (b)	24	106,811	108,298	-	-
Other		967,865	1,371,104	-	-
		1,244,279	3,269,343	-	-
NON-CURRENT					
Lease liability (b)	24	17,072	124,139	-	-

a. Debtors subject to factoring are secured by the following:
- Factoring Agreement
- Deed of charge over all assets of Amber Technology Limited
- Guarantees and indemnities from Ambertech Limited
- Fraud guarantees from Peter Amos and David Swift

b. Lease liabilities are secured over the assets financed.

		Economic Entity		Parent Entity	
		2002	2001	2002	2001
	Note	$	$	$	$
NOTE 18: TAX LIABILITIES					
CURRENT					
Income tax		591,598	1,111,128	-	-
NON-CURRENT					
Provision for deferred income tax		33,695	-	-	-
NOTE 19: PROVISIONS					
CURRENT					
Service warranty		248,289	168,467	-	-
Employee entitlements		373,932	289,784	-	-
Dividends		1,300,000	-	1,300,000	-
		1,922,221	458,251	1,300,000	-
NON-CURRENT					
Employee entitlements		348,114	280,662	-	-
a. Aggregate employee entitlement liability		722,046	570,446	-	-
b. Number of employees at year end		60	53	-	-
NOTE 20: CONTRIBUTED EQUITY					
14,409,594 (2001: 801,000) fully paid ordinary shares (a)		6,154,245	801,000	6,154,245	801,000
3,590,401 (2001: Nil) fully paid redeemable convertable preference shares (b)		3,590,401	-	3,590,401	-
		9,744,646	801,000	9,744,646	801,000
a. Fully Paid Ordinary Shares					
At the beginning of the reporting period		801,000	801,000	801,000	801,000
Shares issued during the year					
- 10,332,897 on 11 June 2002		-	-	-	-
- 5,255,200 on 11 June 2002		3,980,441	-	3,980,441	-
- 445,356 on 11 June 2002		337,326	-	337,326	-
- 1,628,719 on 11 June 2002		-	-	-	-
- 1,446,978 on 11 June 2002		1,446,978	-	1,446,978	-
Shares bought back during the year			-		-
- 5,255,200 on 11 June 2002		(379,500)	-	(379,500)	-
- 445,356 on 11 June 2002		(32,000)	-	(32,000)	-
At reporting date		6,154,245	801,000	6,154,245	801,000

		Economic Entity		Parent Entity	
		2002	2001	2002	2001
	Note	$	$	$	$

NOTE 20: CONTRIBUTED EQUITY (continued)

a. Fully Paid Ordinary Shares

On 11 June 2002 the company issued 10,332,897 ordinary shares to existing shareholder as a part of a share split agreement.

On 11 June 2002 the company issued 5,255,200 ordinary shares as consideration for the acquisition of a subsidiary, Professional Electronics Group Pty Limited.

On 11 June 2002 the company issued 445,356 ordinary shares as consideration for the acquisition of a subsidiary, Davki Pty Limited.

On 11 June 2002 the company issued 1,628,719 ordinary shares under a bonus share issue agreement.

On 11 June 2002 the company issued 1,446,978 ordinary shares as part consideration for the cancellation of the outside equity shares in a subsidiary, Amber Technology Limited.

On 11 June 2002 the company bought back 5,700,556 ordinary shares on issue. The total purchase consideration of the buy back was $4,317,767. The nature and terms of the buy back were:

- the buy back offer was a selective buy back offer only.
- the accepting shareholders have been paid and had their shares cancelled on 11 June 2002.
- the consideration for the buy back has been debited to both the contributed capital ($411,500) and retained earnings ($3,906,267) of the company.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Fully Paid Redeemable Convertable Preference Shares

	Economic Entity 2002 $	Economic Entity 2001 $	Parent Entity 2002 $	Parent Entity 2001 $
At the beginning of the reporting period	-	-	-	-
Shares issued during the year				
- 3,590,401 on 11 June 2002	3,590,401	-	3,590,401	-
At reporting date	3,590,401	-	3,590,401	-

On 11 June 2002 the company issued 3,590,401 redeemable convertible preference shares at $1 each as a part of the consideration for the acquisition of the remaining 27.5% of a subsidiary, Amber Technology

Each preference share carries the same voting right and is entitled to the same dividends as ordinary shares. They rank in priority of ordinary shares only in respect of repayment of the subscription price. They may be redeemed in certain circumstances.

	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	$	$	$	$
NOTE 21: RESERVES				
Foreign currency translation reserve	37,732	4,690	4,630,431	-
Movements during the year:				
Opening balance	4,690	(1,324)	-	-
Adjustment arising from translation of foreign controlled entity's financial statements.	33,042	6,014	-	-
Closing balance	37,732	4,690	-	-

NOTE 22: RETAINED PROFITS

	Economic Entity 2002 $	Economic Entity 2001 $	Parent Entity 2002 $	Parent Entity 2001 $
Retained profits at the beginning of the financial year	6,605,377	4,498,331	1,041,387	545,117
Net profit attributed to members of the company	1,399,964	2,107,046	4,208,852	496,270
Loss on issue of new shares by subsidiary	(288,692)	-	-	-
Dividends provided for or paid	(1,300,000)	-	(1,300,000)	-
Adjustment for shares bought back	(4,055,352)	-	(3,906,267)	-
Retained profits at the end of the financial year	2,361,297	6,605,377	43,972	1,041,387

Adjustment for shares bought back comprises of the following transactions impacting on retained earnings:

On 11 June 2002 Ambertech Limited bought back 5,700,556 ordinary shares on issue. The total purchase consideration of the buy back was $4,317,767. The nature and terms of the buy back were:

- the buy back offer was a selective buy back offer only.
- the accepting shareholders have been paid and had their shares cancelled on 11 June 2002.
- the consideration for the buy back has been debited to both the contributed capital ($411,500) and retained earnings ($3,906,267) of the company.

	Note	Economic Entity 2002 $	Economic Entity 2001 $	Parent Entity 2002 $	Parent Entity 2001 $
NOTE 23: OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES					
Outside equity interests comprise:					
Share capital		-	1,351,316	-	-
Reserves		-	-	-	-
Retained profits		-	845,706	-	-
		-	2,197,022	-	-
NOTE 24: CAPITAL AND LEASING COMMITMENTS					
a. Finance lease commitments					
Payable:					
not later than 1 year		112,898	124,563	-	-
later than 1 year but not later than 5 years		17,861	129,993	-	-
Minimum lease payments		130,759	254,556	-	-
Less future finance charges		(6,876)	(22,119)	-	-
	17	123,883	232,437	-	-
b. Operating lease commitments					
Payable:					
not later than 1 year		478,156	338,521	-	-
later than 1 year but not later than 5 years		42,582	938,592	-	-
later than 5 years		-	204,072	-	-
Minimum lease payments		520,738	1,481,185	-	-

The Frenchs Forest property lease is a non-cancellable lease with a four-year term, with rent payable monthly in advance. Contingent rental provision within the lease agreement requires that the minimum lease payments shall be increased by a rent review every two years. An option exists to renew the lease at the end of the four-year term for an additional term of four years. The lease allows for sub-letting of all lease areas.

NOTE 25: EVENTS SUBSEQUENT TO REPORTING DATE

Ambertech Pty Limited formally changed its name to Ambertech Limited by notification to ASIC on 17 July 2002 of a resolution of name change.

	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	$	$	$	$

NOTE 26: RELATED PARTY TRANSACTIONS

a. The parent entity is Ambertech Limited

b. Loans to wholly owned subsidiaries			6,805,000	546,014

Loans were made to wholly owned subsidiaries under normal commercial terms and conditions.

	Economic Entity		Parent Entity	
	2002 Number of Shares	2001 Number of Shares	2002 Number of Shares	2001 Number of Shares
c. The direct, indirect and beneficial holdings of directors and their director related entities in the share and share options of the parent company as at 30 June 2002 were:				
Ambertech Limited				
- number of ordinary shares	13,499,507	390,888	13,499,507	390,888
- number of redeemable converting preference shares	3,590,401	-	3,590,401	-

d. 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.

NOTE 27: SEGMENT REPORTING

Primary reporting - Business segments

	Amber Technology		Alphan		Amber NZ		Eliminations		Economic Entity	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	$	$	$	$	$	$	$	$	$	$
Revenue										
- External Customers	32,058,120	19,329,608	12,150,740	14,322,506	3,054,954	2,307,127	-	-	47,263,814	35,959,241
- Other Segments	830,318	1,133,064	-	-	-	-	(830,318)	(1,133,064)	-	-
Total sales revenue	32,888,438	20,462,672	12,150,740	14,322,506	3,054,954	2,307,127	(830,318)	(1,133,064)	47,263,814	35,959,241
Result										
- Segment result	6,764,787	1,739,109	1,629,396	1,647,620	320,113	175,319	(5,820,993)	(34,398)	2,893,303	3,527,650
- Unallocated expenses net of unallocated revenue									(80,220)	505,945
- Profit from ordinary activities before income tax									2,813,083	4,033,595
- Income tax expense									(1,413,119)	(1,300,366)
- Profit from ordinary activities after income tax									1,399,964	2,733,229
Assets										
- Segment Assets	17,761,123	12,741,279	7,102,007	6,797,354	722,543	488,345	(6,550,029)	(1,295,733)	19,035,644	18,731,245
- Unallocated assets									2,858,913	2,000,439
- Total assets									21,894,557	20,731,684
Liabilities										
- Segment Liabilities	13,129,991	6,825,433	7,101,491	4,360,840	674,067	187,194	(12,658,231)	(780,665)	8,247,318	10,592,802
- Unallocated liabilities									1,503,564	530,793
- Total liabilities									9,750,882	11,123,595
Other										
- Acquisition of non current segment assets	225,495	162,227	79,634	85,725	64,490	-	-	-	369,619	247,952
- Depreciation and amortisation of segment assets	191,543	112,758	85,975	57,984	22,574	5,502	92,210	-	392,302	176,244

NOTE 27: SEGMENT REPORTING

Secondary reporting - Geographical Segments

	Segment Revenues from External Customers		Carrying Amount of Segment Assets	
	2002	2001	2002	2001
	$	$	$	$
Geographical Location				
- Australia	44,208,860	33,652,114	21,172,014	20,243,339
- New Zealand	3,054,954	2,307,127	722,543	488,345
	47,263,814	35,959,241	21,894,557	20,731,684

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings.

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.

NOTE 28: CASH FLOW INFORMATION

a. Reconciliation of Cash

	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	$	$	$	$
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:				
Cash on hand	2,400	2,300	-	-
At call deposits with financial institutions	1,112,491	2,370,303	22,639	16,935
	1,114,891	2,372,603	22,639	16,935

	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	$	$	$	$
NOTE 28: CASH FLOW INFORMATION (continued)				
b. Reconciliation of cash flow from operations with profit from ordinary activities after income tax				
Profit from ordinary activities after income tax	1,399,964	2,733,229	4,208,852	496,270
Non-cash flows in profit from ordinary activities:				
Amortisation	128,160	21,265	9,793	9,084
Depreciation	264,142	156,724	-	-
Loss on disposal of plant and equipment	483	-	-	-
Borrowing expenses	-	52,475	-	-
Loss on disposal of investment	1,405,979	-	994,329	-
Foreign currency exchange (gain)/ loss	(121,042)	6,014	-	-
Loss/(profit) on consolidation	-	(505,945)	-	-
Changes in assets and liabilities				
(Increase)/Decrease in receivables	(211,982)	2,470,779	(5,258,007)	(505,978)
Decrease in prepayments	352,566	460,505	-	-
(Increase) in inventories	(1,675,167)	(3,381,149)	-	-
(Decrease) in payables	(903,646)	(1,273,977)	-	-
(Decrease)/Increase in income tax payable	(519,530)	174,804	-	-
(Decrease)/Increase in deferred taxes payable	(20,297)	(318,998)	2,700	-
Increase in provisions	282,752	153,446	-	-
Cash flows from operations	382,382	749,172	(42,333)	(624)

c. Acquisition of Business

On 1 July 2001 Amber Technology Limited purchased the business of Audioworks (Australia) Pty Limited

Purchase consideration	1,402,314	-	-	-
Cash consideration	1,402,314	-	-	-
Amount due under contract of sale	(150,000)	-	-	-
Cash outflow	1,252,314	-	-	-
Assets and liabilities held at acquisition date:				
Inventories	726,023	-	-	-
Property, plant and equipment	29,154	-	-	-
Prepayments	3,384	-	-	-
Borrowings	(13,104)	-	-	-
Provisions	(12,445)	-	-	-
	733,012	-	-	-
Purchased goodwill	519,302	-	-	-
	1,252,314	-	-	-

AMBERTECH LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 29: FINANCIAL INSTRUMENTS

a. Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing Within 1 Year		1 to 5 Years	
	2002	2001	2002	2001	2002	2001	2002	2001
	%	%	$	$	$	$	$	$
Financial Assets								
Cash on hand			2,400	2,300	-	-	-	-
Cash at bank	1.5	1.5	936,309	1,570,521	-	-	-	-
Deposits at call	4.6	4.7	176,182	799,782	-	-	-	-
Total Financial Assets			1,114,891	2,372,603	-	-	-	-
Financial Liabilities								
Debtors subject to factoring	9.7	9.7	-	-	169,603	1,789,941	-	-
Other creditors	6.5	6.5			967,865	1,371,104	-	-
Lease Liabilities	6.28-11.94	6.28-11.94	-	-	106,811	108,298	17,072	124,139
Total Financial Liabilities			-	-	1,244,279	3,269,343	17,072	124,139

b. Credit Risk

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 statement of financial position 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 under financial instruments entered into by the economic entity.

c. Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

NOTE 30: COMPANY DETAILS

The principal place of business and registered office of the company is:

Unit B
5 Skyline Place
Frenchs Forest NSW 2086

AMBERTECH LIMITED
ACN 079 080 158
DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 2 to 25 are in accordance with the Corporations Act 2001:
   a. comply with Accounting Standards and the Corporations Regulations 2001; and
   b. give a true and fair view of the financial position as at 30 June 2002 and of the performance for the year ended on that date of the company and economic entity.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director: ______________________
P A Amos

Dated this 11th day of November 2002

PKF

Chartered Accountants
& Business Advisers

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF AMBERTECH LIMITED

Scope

We have audited the financial report of Ambertech Limited for the financial year ended 30 June 2002 as set out on pages 2 to 25. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, 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 2002 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 professional reporting requirements in Australia.

PKF
Chartered Accountants
A New South Wales Partnership

Paul E. Bull
Partner

Signed in Sydney this 11th Day of November 2002