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harristechnology
GROUP LTD.



ASX APPENDIX 4E
YEAR ENDED 30 JUNE 2018

HARRIS TECHNOLOGY GROUP & CONTROLLED ENTITIES

ABN: 93 085 545 973

Harris Technology Group Limited

ABN 93 085 545 973

Current reporting period: 1 July 2017 to 30 June 2018

Previous corresponding period: 1 July 2016 to 30 June 2017

Results for Announcement to the Market

		% Change from previous corresponding period		Current reporting period \$A
Revenues from ordinary activities	down	10.60	to	45,656,903
Loss from ordinary activities after tax attributable to members	down	-27.57	to	(2,062,064)
Loss for the period attributable to members	down	-32.63	to	(2,062,064)

Dividends (distributions)	Amount per share	Franked amount per share
Final dividend		
Interim dividend	Nil ¢	Nil ¢
Previous corresponding period	Nil ¢	Nil ¢
Record date for determining entitlements to the dividends	N/A	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Revenue for the year ended 30 June 2018 was \$45,656,903, a decrease of 10.60% over the previous corresponding period (2017: \$51,068,575).

Net loss from continuing operations was \$2,062,064, a decrease of loss of 27.57% over the previous corresponding period (2016: operating net loss \$2,846,881).

The Company does not propose to pay a dividend. No dividend or distribution plans are in operation.

Net tangible assets	June 2018	June 2017
Net tangible assets per ordinary security	(1.88) cents	(1.23) cents

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Review and results of operations

Overview

The Group reported revenue of \$45.94 million, a decrease of 10% over the previous corresponding period.

Net loss from continuing operations was \$2.06 million, a decrease of loss of 28% over the previous corresponding period.

The Group's results were impacted by a combination of changing market conditions, a broadly competitive pricing environment, and reduction in margins.

In particular, the results reflect a decrease in revenue contributions from the Group's distribution business, Anyware, which has historically represented the Group's largest revenue generator. The performance of Anyware reflects the recent shift in market demand away from traditional PC hardware products which Anyware supplies, towards newer generation products such as tablets and hand held devices.

During the year, the Group implemented a cost reduction strategy to streamline overhead expenditure and other costs associated with the business. Whilst the Group has generally been successful in decreasing its overall variable cost base, the reduction of fixed costs relating to warehouse leases continues to be a work in progress.

The Harris Technology e-commerce business operated by the Group generally performed in line with expectations, with margins being maintained during the year.

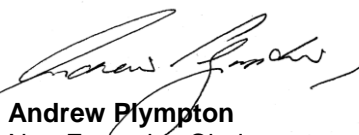
The execution of the Group's Manufacturer to Consumer (M2C) strategy with its joint venture partners in Hong Kong has been delayed, as a result of management's focus during the year on addressing challenges with the Anyware distribution business, and supporting growth of the Group's e-commerce business.

Forward Strategy

The Board has undertaken a comprehensive review of the Group's operations, strategy and future direction, in light of the competitive environment in which the Anyware distribution business operates, and the challenges faced by the Anyware business during the year.

The Board remains committed to pursuing growth of the Group's Harris Technology e-commerce business, and opportunities to realise the full potential of the emerging online M2C market, a sector in which management has developed key relationships and valuable know-how.

As part of its strategic review, the Board is assessing the potential divestment of the Anyware distribution business, with a view to strengthening the Group's balance sheet, and positioning the Group to focus on its core B2C and M2C businesses.



Andrew Plympton
Non-Executive Chairman
31st August 2018

**HARRIS TECHNOLOGY GROUP LIMITED
& CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE FULL YEAR ENDED 30 JUNE 2018**

	Notes	Consolidated 30-Jun-18 \$	Consolidated 30-Jun-17 \$
Revenue			
Sales revenue	1	45,656,903	51,068,575
Direct costs		(39,471,702)	(41,994,531)
Gross profit		6,185,201	9,074,044
Other income			
Other income	1	111,201	10,271
Distribution expenses			
Distribution expenses		(858,042)	(872,232)
Marketing expenses			
Marketing expenses		(170,945)	(209,479)
Transaction expenses			
Transaction expenses		(164,025)	(230,785)
Employee contractor and director expenses			
Employee contractor and director expenses		(4,710,597)	(4,794,704)
Occupancy costs			
Occupancy costs		(1,151,643)	(1,150,612)
Technology expenses			
Technology expenses		(205,070)	(479,514)
Holding company expenses			
Holding company expenses		(410,884)	(273,880)
Depreciation and amortisation expenses			
Depreciation and amortisation expenses	2	(132,560)	(130,033)
Impairment expense			
Impairment expense	2	-	(3,117,482)
Other expenses			
Other expenses		(219,389)	(266,051)
Finance costs			
Finance costs	2	(376,661)	(381,258)
Exchange gain / (loss)			
Exchange gain / (loss)		41,350	(25,165)
Profit / (Loss) before income tax		(2,062,064)	(2,846,881)
Income tax benefit / (expense)			
Income tax benefit / (expense)		-	-
Profit / (Loss) from continuing operations		(2,062,064)	(2,846,881)
Discontinued operation			
Profit / (Loss) from discontinued operation		-	(214,011)
Total Comprehensive (loss) / profit for the period		(2,062,064)	(3,060,892)
Earnings per share from continuing operations (cents per share)			
- Basic earnings/(loss) per share		(1.46)	(2.20)
- Diluted earnings/(loss) per share		(1.33)	(2.20)

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**HARRIS TECHNOLOGY GROUP LIMITED
& CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Note	Consolidated 30-Jun-18 \$	Consolidated 30-Jun-17 \$
Current Assets			
Cash and cash equivalents	3	1,783,506	2,219,264
Trade and other receivables	4	4,719,693	5,979,589
Inventories	5	6,341,556	7,238,239
Prepayments and deposits	6	151,678	100,580
Total Current Assets		12,996,433	15,537,672
Non-current Assets			
Property, plant and equipment	7	732,838	844,910
Intangible Assets	8	-	22,028
Total Non-current Assets		732,838	866,938
Total Assets		13,729,272	16,404,610
Current Liabilities			
Trade and other payables	9	7,906,974	8,923,541
Financial liability	10	4,097,840	4,355,881
Employee benefit liabilities	11	465,420	462,788
Total Current Liabilities		12,470,234	13,742,210
Non-current Liabilities			
Financial liability	10	4,158,500	4,251,422
Employee benefit liabilities	11	20,447	40,498
Total Non-current Liabilities		4,178,946	4,291,920
Total Liabilities		16,649,180	18,034,129
Net Assets		(2,919,908)	(1,629,519)
Equity			
Contributed equity		7,594,915	6,706,412
Accumulated profit / (loss)		(10,514,823)	(8,335,931)
Total equity		(2,919,908)	(1,629,519)

**HARRIS TECHNOLOGY GROUP LIMITED
& CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FULL YEAR ENDED 30 JUNE 2018**

	Share Capital	Retained earnings	Total Equity
	\$	\$	\$
At 1 July 2017	6,706,411	(8,335,930)	(1,629,519)
Profit for the period	-	(2,062,064)	(2,062,064)
Other comprehensive income	-	-	-
Total comprehensive income	-	(2,062,064)	(2,062,064)
Transactions with owners in their capacity as owners			
Dividend paid	-	-	-
Unknown description	-	(116,829)	(116,829)
Share issued on reverse acquisition	146,299	-	146,299
Share based payment	742,205	-	742,205
Transaction costs on shares issued	-	-	9,863
At 30 JUNE 2018	7,594,915	(10,514,822)	(2,919,907)
	Share Capital	Retained earnings	Total Equity
	\$	\$	\$
At 1 July 2016	4,963,077	(5,275,038)	(311,961)
Profit for the period	-	(2,846,881)	(2,846,881)
Other comprehensive income	-	(214,011)	(214,011)
Total comprehensive income	-	(3,060,892)	(3,060,892)
Transactions with owners in their capacity as owners			
Dividend paid	-	-	-
Share issued on reverse acquisition	933,471	-	933,471
Share placement from investors	800,000	-	800,000
Performance right expense	-	-	-
Transaction costs on shares issued	9,863	-	9,863
At 30 JUNE 2017	6,706,411	(8,335,930)	(1,629,519)

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**HARRIS TECHNOLOGY GROUP LIMITED
& CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FULL YEAR ENDED 30 JUNE 2018**

	Notes	Full Year to 30-Jun-18 \$	Full Year to 30-Jun-17 \$
Cash flows from operating activities			
Receipts from customers		51,730,800	60,080,507
Payments to suppliers and employees		(52,442,511)	(60,281,370)
Interest received		-	4,110
Net cash flows (used in) / provided by operating activities	12	(711,710)	(196,753)
Cash flows from investing activities			
Cash acquired on reverse acquisition of Shoply		-	508,496
Acquisition of Audion		-	(1,420,706)
Disposal of YHD		-	140,000
Payments for property, plant and equipment		(1,540)	(127,561)
Net cash flows used in investing activities		(1,540)	(899,771)
Cash flows from financing activities			
Proceeds from shares issued		(116,829)	800,000
Proceeds from borrowings		1,942,337	4,913,136
Repayment of borrowings		(1,551,096)	(4,480,819)
Dividend paid		-	-
Net cash flows provided by financing activities		274,413	1,232,317
Net increase in cash and cash equivalents		(435,758)	135,792
Cash and cash equivalents at the beginning of the financial year		2,219,264	2,083,471
Cash and cash equivalents at the end of the financial year		1,783,506	2,219,264

**HARRIS TECHNOLOGY GROUP LIMITED
& CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FULL YEAR ENDED 30 JUNE 2018**

1. Revenue	Consolidated Jun-18 \$	Consolidated Jun-17 \$
Sales	45,161,009	50,490,689
Freight income	495,895	577,886
Total sales revenue	45,656,903	51,068,575
COGS	37,894,065	41,426,384
Stock Variance and Adjustments	488,720	139,014
Sourcing expense	51,728	68,835
Purchase Rebate and Commissions	(342,771)	(518,275)
Customer rebate	1,379,959	878,574
Total Direct Cost	39,471,702	41,994,531
<i>Other income</i>		
Interest received	1,149	2,157
Gain on Debt Forgiveness	115,620	-
Profit on sale of non-current asset	(5,568)	8,114
Total other income	111,201	10,271
2. Operating profit (loss)	Consolidated Jun-18 \$	Consolidated Jun-17 \$
Net profit (loss) and expenses		
Profit (loss) before income tax includes the following specific expenses		
Distribution expenses		
Outbound freight	791,993	808,059
Warehouse expense	66,049	64,173
Total distribution expenses	858,042	872,232
Employee contractor and director expenses		
Wages, salaries and contractors	3,969,080	4,122,263
Director expenses	195,208	67,363
Defined contribution plan expense	333,248	367,044
Other employee benefits	8,667	16,669
Fringe benefit tax expense	0	19,336
Payroll tax expense	204,395	202,028
Total employee contractor and director expenses	4,710,597	4,794,704
Occupancy costs		
Motor vehicle expense	76,098	95,652
Repairs and maintenance	21,182	27,819

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Cleaning	24,975	28,634
Utilities and levies	224,755	219,266
Rent	804,634	779,242
Total occupancy costs	1,151,643	1,150,612

Technology expenses		
Hosting and domain licenses	10,081	13,469
Internet and telephone	120,203	196,746
Licenses and subscriptions	19,124	28,999
Computer expense	55,661	240,299
Total technology expenses	205,070	479,514

Holding company expenses		
Accounting and audit fees	65,944	117,947
ASIC fees	1,094	2,404
ASX fees	32,770	22,309
Share Option Expenses	1,409	-
Company Secretarial	82,229	64,542,
Share registry fees	37,017	32,777
Professional services	159,406	23,114
Legal services	31,015	10,787
Total Holding company expenses	410,884	273,880

Depreciation		
Plant and equipment	3,148	2,978
Computer equipment	13,981	12,457
Office and warehouse equipment	44,741	52,514
Motor vehicles	19,342	21,956
Leasehold improvement	29,321	26,775
Total depreciation	110,305	116,680

Amortisation		
Software Development	22,028	13,353
Total amortisation	22,028	13,353
Total depreciation and amortisation	132,560	130,033

Impairment expenses		
Goodwill	-	824,482
Intangible assets		2,293,000
Total impairment expense	-	3,117,482

Other expenses		
Office supplies	23,923	28,744
Insurance	92,615	108,672
Travel expense	50,473	118,529
Penalty & Fine	37	0
Bad Debts	66,486	(32,250)
Doubtful bad debts	(14,145)	42,355
Total other expenses	219,389	266,051

Finance costs		
Interest expense - overseas	10,396	217,998
Interest expense - local	366,265	163,260
Total finance costs	376,661	381,258

3. Cash and cash equivalents	Consolidated	Consolidated
	Jun-18	Jun-17
	\$	\$
Cash at bank and on hand	1,783,506	2,219,264
Total	1,783,506	2,219,264

4. Trade and other receivables	Consolidated	Consolidated
	Jun-18	Jun-17
	\$	\$
Trade receivables	4,675,551	6,034,135
Allowance for impairment loss	-	(64,878)
	4,675,551	5,969,257
Other receivables	44,141	10,332
Total	4,719,693	5,979,589

5. Inventory	Consolidated	Consolidated
	Jun-18	Jun-17
	\$	\$
Inventories	6,080,308	7,340,756
Provision for Stock obsolescence	261,248	(102,517)
Total	6,341,556	7,238,239

6. Prepayments and deposits	Consolidated	Consolidated
	Jun-18	Jun-17
	\$	\$
Prepayments	133,688	82,590
Deposit	17,990	17,990
Total	151,678	100,580

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7. Property, plant and equipment	Consolidated Jun-18 \$	Consolidated Jun-17 \$
Improvements		
At cost	532,700	532,700
Less: Accumulated amortisation	(113,466)	(84,145)
	<u>419,234</u>	<u>448,555</u>
Office and warehouse equipment		
At cost	380,042	380,042
Less: Accumulated depreciation	(223,413)	(175,705)
	<u>156,630</u>	<u>204,337</u>
Computer equipment		
At cost	512,556	506,556
Less: Accumulated depreciation	(494,763)	(480,781)
	<u>17,793</u>	<u>25,775</u>
Motor vehicles		
At cost	267,966	267,966
Less: Accumulated depreciation	(128,785)	(101,723)
Total motor vehicles	<u>139,181</u>	<u>166,243</u>
Total property plant and equipment	<u>732,838</u>	<u>844,910</u>
8. Intangible assets	Consolidated Jun-18 \$	Consolidated Jun-17 \$
Software development	-	143,265
Less: Accumulated amortisation	-	(121,237)
Total	<u>-</u>	<u>22,028</u>
9. Trade and other payables	Consolidated Jun-18 \$	Consolidated Jun-17 \$
Trade payables	7,279,230	8,370,707
Accruals	494,307	244,577
Tax payable / (refundable)	(51,952)	(39,346)
Other payables	187,164	301,980
Onerous contract provision	(1,776)	45,623
Total	<u>7,906,974</u>	<u>8,923,541</u>

10. Financial liability	Consolidated Jun-18 \$	Consolidated Jun-17 \$
<i>Current</i>		
Trade finance	2,985,481	2,155,504
Borrowings	1,062,500	2,150,518
Hire purchase	49,859	49,859
Total current	4,097,840	4,355,881
<i>Non - current</i>		
Borrowings	-	-
Director loans	4,088,686	4,138,305
Hire purchase	69,813	113,116
Total non- current	4,158,500	4,251,422
11. Employee benefits liabilities	Consolidated Jun-18 \$	Consolidated Jun-17 \$
<i>Current</i>		
Provision for annual leave	465,420	291,541
Provision for long service leave	-	171,247
	465,420	462,788
<i>Non - Current</i>		
Provision for long service leave	20,447	40,498
Total	485,866	503,286
12. Reconciliation of net (loss) / profit after tax to net cash flows from operations	Consolidated Jun-18 \$	Consolidated Jun-17 \$
Net loss before tax from continuing operations	(2,062,064)	(2,846,881)
Net profit before tax from discontinued operations	-	(214,011)
Net (loss) / profit after tax	(2,062,064)	(3,060,892)
Adjustments to reconcile (loss) / profit after tax to net cash flows		
Depreciation of non-current assets	110,532	143,492
Amortisation	22,028	121,237
Finance costs	-	104,062
Profit/(loss) on Sales of non-current Assets	-	(8,314)
Share based payment	146,299	9,863
Gain on Debt Forgiveness	-	-
Impairment expense	-	3,117,482
Changes in assets and liabilities		
(Increase) / decrease in Trade and other receivables	1,259,896	1,068,666
(Increase) / decrease in Inventories	896,684	(872,524)
(Increase) / decrease in Prepayments & deposits	(51,098)	291,864

Increase/(Decrease) in Trade & Other Payables	(975,718)	(463,748)
Increase/(Decrease) in Onerous contract provision	-	-
Increase/(Decrease) in Employee benefit liabilities	(58,269)	(83,190)
Net Cash Flows from Operating Activities	(711,710)	(196,752)

13. This report is based on accounts that are in the process of being audited.

Signed in accordance with a resolution of the Directors



Andrew Plympton
 Non-Executive Chairman

Melbourne, 31 August 2018

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