

Appendix 4E

Results for Announcement to the Market

Current reporting period: 1 July 2018 to 30 June 2019

Previous corresponding period: 1 July 2017 to 30 June 2018

Review and results of operations

1. Continuing operations

The Group's continuing operations recorded revenue of \$9,003,268 with net loss of \$732,036.

The mainstay to the current operations is Harris Technology. The business is stable albeit competing in a tough marketplace, with ongoing pressure on margins. The Group has turned attention to improving connectivity with consumers and improving web page design and the sale process.

2. Discontinued Operations

On the 2 October 2018, the company announced completion of sale of operating company, Anyware Corporation Pty Ltd, to Leader Computers Pty Ltd. Certain business assets and liabilities were transferred to Leader along with transfer of employees. Sales revenue for Anyware for the 2019 year was \$11,027,280. Loss from discontinued operations was \$1,470,614. The sale to Leader has allowed the group to remove its leased warehouse footprint Australia wide and reduce the significant cost base associated with this operation.

3. Forward View

During the course of the 2019 year the company announced interest in a USA located "Amazon" distributor. The potential deal did not eventuate (as disclosed to the ASX) however the company remains optimistic that other opportunities will present themselves and are we are keeping a look out to expand our business footprint.

Despite having a strong understanding of the M2C business opportunities that are available in China, our joint venture operations in Hong Kong remain dormant with hesitation to develop in the current business environment.

During the course of the 2019 year the company repaid borrowings of \$3,319,024, therefore all borrowings to banks and other like institutions (excluding directors) were repaid.

The outlook for 19/20 year allows the directors to be confident that management can manage the Harris Technology business on its smaller footprint with positive cash flow and expectation that revenue can be grown.

Andrew Plympton
Non-Executive Chairman

		% Change from previous corresponding period		Current reporting period \$A
Revenues from ordinary activities	down	(22.80)	to	9,003,268
Loss from ordinary activities after tax attributable to members	up	6.82	to	(2,202,650)
Loss for the period attributable to members	up	6.82	to	(2,202,650)

Dividends (distributions)	Amount per share	Franked amount per share
Final dividend	Nil ¢	Nil ¢
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 from continuing operations for the year ended 30 June 2019 was \$9,003,268, a decrease of 22.80% over the previous corresponding period (2018: \$11,513,394).

Net loss from continuing operations was \$732,036, an increase of loss of 29.11% over the previous corresponding period (2018: operating net loss \$566,966).

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

Net tangible assets	June 2019	June 2018
Net tangible assets per ordinary security	(2.89) cents	(1.88) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(FOR THE YEAR ENDED 30 JUNE 2019)

(\$)	2019	2018
Revenue		
Sales revenue	9,003,268	11,513,394
Direct costs	(8,007,879)	(10,525,789)
Gross profit	995,389	987,605
Other income	169,346	102,027
Distribution expenses	(120,808)	(83,332)
Marketing expenses	(106,217)	(81,531)
Transaction expenses	(87,798)	(92,533)
Employee contractor and director expenses	(858,094)	(785,048)
Occupancy costs	(163,790)	(92,708)
Technology expenses	(113,505)	(69,046)
Holding company expenses	(194,384)	(192,383)
Depreciation and amortisation expenses	(20,588)	(36,000)
Impairment expense	(64,961)	-
Other expenses	(149,823)	(100,172)
Finance costs	(14,741)	(123,877)
Exchange gain / (loss)	(2,062)	34
(Loss) / Profit before income tax	(732,036)	(566,966)
Income tax benefit / (expense)	-	-
(Loss) / Profit from continuing operations	(732,036)	(566,966)
Discontinued operations	(1,470,614)	(1,495,098)
Total comprehensive (loss) / profit for the period	(2,202,650)	(2,062,064)
Earnings per share from continuing operations (cents)		
- Basic earnings / (loss) per share	(0.46)	(0.40)
- Diluted earnings / (loss) per share	(0.46)	(0.40)
Earnings per share from discontinued operations (cents)		
- Basic earnings / (loss) per share	(0.93)	(1.06)
- Diluted earnings / (loss) per share	(0.93)	(1.06)
Earnings per share from loss		
- Basic earnings / (loss) per share	(1.40)	(1.46)
- Diluted earnings / (loss) per share	(1.40)	(1.46)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(AS AT 30 JUNE 2019)

(\$)	2019	2018
Current Assets		
Cash and cash equivalents	1,008,416	1,783,506
Trade and other receivables	347,965	4,719,693
Inventories	405,123	6,341,556
Prepayments and deposits	34,728	151,678
Total Current Assets	1,796,231	12,996,433
Non-current Assets		
Property, plant and equipment	109,744	732,838
Fair value of intangible assets	291,867	-
Total Non-current Assets	401,611	732,838
Total Assets	2,197,842	13,729,272
Current Liabilities		
Trade and other payables	2,068,926	7,906,974
Financial liability	1,408,472	4,097,840
Employee benefit liabilities	53,578	465,420
Total Current Liabilities	3,530,976	12,470,234
Non-current Liabilities		
Financial liability	3,726,553	4,158,500
Employee benefit liabilities	3,321	20,447
Total Non-current Liabilities	3,729,850	4,178,946
Total Liabilities	7,260,850	16,649,180
Net Assets / (Net Deficiency of Assets)	(5,063,008)	(2,919,908)
Equity		
Contributed equity	7,654,464	7,594,915
Accumulated losses	(12,717,472)	(10,514,823)
Total Equity	(5,063,008)	(2,919,908)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(FOR THE YEAR ENDED 30 JUNE 2019)

(\$)	Share Capital	Accumulated Losses	Total Equity
At 1 July 2018	7,594,915	(10,514,822)	(2,919,907)
Loss for the period	-	(2,202,650)	(2,202,650)
Other comprehensive income	-	-	-
Total comprehensive income	-	(2,202,650)	(2,202,650)
Transactions with owners in their capacity as owners			
Share based payment	59,549	-	59,549
At 30 June 2019	7,654,464	(12,717,472)	(5,063,008)

(\$)	Share Capital	Accumulated Losses	Total Equity
At 1 July 2017	6,706,411	(8,335,930)	(1,629,519)
Loss 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	-	-	-
Prior Period Adjustments / Placement issued	-	(116,829)	(116,829)
Share issued on reverse acquisition	146,299	-	146,299
Placement issued	742,205	-	742,205
At 30 June 2018	7,594,915	(10,514,822)	(2,919,907)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(FOR THE YEAR ENDED 30 JUNE 2019)

(\$)	2019	2018
Cash flows from operating activities		
Receipts from customers	24,034,412	51,602,289
Payments to suppliers and employees	(24,923,562)	(52,430,828)
Net cash flows (used in) / provided by operating activities	(889,150)	(828,539)
Cash flows from investing activities		
Disposal of business, net of cash consideration	3,416,084	-
Payments for property, plant and equipment	17,000	1,540
Net cash flows (used in) / provided by investing activities	3,443,084	1,540
Cash flows from financing activities		
Proceeds from borrowings	-	1,942,337
Repayment of borrowings	(3,319,024)	(1,551,096)
Net cash flows (used in) / provided by financing activities	(3,319,024)	391,241
Net increase / (decrease) in cash and cash equivalents	(775,090)	(435,758)
Cash and cash equivalents at the beginning of the financial year	1,783,506	2,219,264
Cash and cash equivalents at the end of the financial year	1,008,416	1,783,506

The accompanying notes form part of these financial statements.

1. DISCONTINUED OPERATION

On 31 August 2018, the company announced that it signed a Business Asset Purchase Agreement to sell Anyware Corporation Pty Ltd ('Anyware') to Leader Computers Pty Ltd ('Leader'). The sale was completed on 2 October 2018 with employees and certain business assets and liabilities transferred to Leader. The consideration received from the sale was the carrying value of the business assets and liabilities and \$200,000. The residual assets of Anyware not sold to Leader, which consist primarily of inventory, have been impaired and will be sold under the brand name APCA in the normal course of business.

(a) Financial Performance	2019	2018
Sales revenue	11,027,280	34,143,510
Direct costs	(10,513,610)	(28,898,237)
Impairment expenses	(499,954)	-
Depreciation and amortisation expenses	(39,711)	(96,560)
Employee expenses	(487,602)	(3,975,250)
Finance costs	0	(252,783)
Other expenses	(1,157,016)	(2,415,777)
Gain on sale of the business	200,000	-
Loss from discontinued operation	(1,470,614)	(1,495,098)

(b) Carrying amounts of assets and liabilities disposed	2019
Trade and other receivables	382,693
Inventories	3,482,067
Trade and other payables	(431,273)
Employee benefit liabilities	(217,316)
Net assets	3,216,171

(c) Details of the sale of business	2019
Total disposal consideration	3,416,084
Carrying amount of net assets sold	(3,216,084)
Gain on sale before income tax	200,000

2. SHARE BASED PAYMENTS

Purchase of LINCD HQ Pty Ltd (Lincd)

On 24 May 2019, the Consolidated Entity entered into a Share purchase agreement to acquire 100% of the issued equity of Lincd HQ Pty Ltd (Lincd) from First Growth Funds Limited (FGF) in consideration for issue of 30,000,000 ordinary shares and earnout options in Harris Technology Group Limited.

The Directors have determined that the acquisition of Lincd does not meet the requirements of AASB 3 – Business Combinations as Lincd is not a business. As such the acquisition has been accounted for under AASB 2 Share-based payments as an asset acquisition.

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