

**Harris Technology Group Limited**  
**ASX:HT8**

31 October 2016

**ASX and Media Release**

**Results and Appendix 4C for July – September 2016 Quarter**

Harris Technology Group Limited (ASX: **HT8**) (**Harris Technology** or the **Company**) is pleased to report its results for the first quarter of the 2017 financial year (**Q1** or **Quarter**), and attaches its cash flow report for the Quarter.

**Commentary on Q1 results**

During the Quarter, the Company successfully completed its merger with the Anyware and Harris Technology Group, and the Q1 results include, for the first time, trading results of the acquired Harris Technology and Anyware Corporation businesses.

Gross turnover for Q1 was \$13.64 million; although slightly below budget, the period includes the first trading months of the merged Group and, pleasingly, the Quarter ended with revenue showing a trend towards growth. It is also pleasing to report that overall Group margins exceeded budget expectations on average by 1.5%, providing EBITDA in line with budget. EBITDA and net profit for the Quarter was \$309,525 and \$98,771 respectively.

During the first quarter of trading, the Group executed a number of post-merger optimisation initiatives, including by rationalising warehouse locations, improving and developing IT systems, undertaking full brand and product category reviews of previous underperforming businesses, and discontinuing old product ranges.

As part of its renewed focus on customer service, the Group has consolidated its divisional phone systems, and has been able to measure improved customer satisfaction thus allowing targeted marketing campaigns. In addition, the Group's trading websites have been merged into a single front-end system which has resulted in improved login availability and enabled cross-website promotions.

**Outlook for Q2**

During Q2, the Group will continue its focus on business optimisation across all aspects of its diverse business mix. The Group is anticipating revenue of \$15 million during the quarter and is expecting to maintain the overall Group margins recorded in the first quarter.

Whilst the Company foresees a downturn in revenue in December due to the traditional seasonal weakening in demand for office products during this period, it is anticipated that the consumer retail focused divisions will increase revenue to meet Christmas period demand.

In commenting on the Group's Q1 results, Managing Director Garrison Huang said, "Whilst consolidating the Group's diverse operations after the merger has been a significant task, we are constantly looking for improvements and measures to reduce costs. I am confident we are succeeding and now look to execute our expansion strategy through organic growth and potential acquisitions."

**-ENDS**

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Harris Technology Group Ltd

**ABN**

93 085 545 973

**Quarter ended ("current quarter")**

30 SEPTEMBER 2016

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	15,187	15,187
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(12,899)	(12,899)
(c) advertising and marketing	(46)	(46)
(d) leased assets	-	-
(e) staff costs	(1,436)	(1,436)
(f) administration and corporate costs	(370)	(370)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid	(84)	(84)
1.7 Government grants and tax incentives	0	0
1.8 Other (provide details if material)	43	43
- GST Paid	(362)	(362)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>37</b>	<b>37</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(3)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(3)</b>	<b>(3)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	900	900
3.6 Repayment of borrowings	(1,037)	(1,037)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(137)</b>	<b>(137)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2502	2502
4.2 Net cash from / (used in) operating activities (item 1.9 above)	36	36
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(137)	(137)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,399</b>	<b>2,399</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,399	2,502
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,399</b>	<b>2,502</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	(471)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Director fees, inventory payments made to entities related to B.Xu & H.Chen, rental payments made to G.Huang and an entity related to G.Huang

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	2,000	655
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Trade finance facility held with Westpac, secured, variable base rate + 0.90% margin rate

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	0
9.2 Product manufacturing and operating costs	(15,455)
9.3 Advertising and marketing	(164)
9.4 Leased assets	0
9.5 Staff costs	(1,183)
9.6 Administration and corporate costs	(145)
9.7 Other (provide details if material)	(32)
<b>9.8 Total estimated cash outflows</b>	<b>(16,979)</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  
(Director/Company secretary)

Date: 31 October 2016

Print name: Andrew Plympton

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.