harristechnology
GROUP LTD.

ANNUAL REPORT
YEAR ENDED 30 JUNE 2018
HARRIS TECHNOLOGY GROUP LIMITED

ABN: 93 085 545 973

Harris Technology Group Ltd (ASX: HT8) has the mission to be a leading ASX-listed online e-commerce destination in Australia.

Contents

Harris Technology Group Brands

harristechnology · Anyware · WOW BABY · audion

Harris Technology Group Growth Strategy

Focus on Sales and building the brands in the market	Strategic partnership to strengthen M2C strategy	Emphasis on Systemisation to reduce costs	Ensure all sites are Mobile & Tablet-Enabled to increase visibility

Chairman and CEO Letter

Dear Shareholders,

Harris Technology Group Limited (the **Company**) and its controlled entities (the **Group**) present its results for the financial year ended 30 June 2018 ("**FY18**").

During the FY18 year the Group incurred a comprehensive loss of $2.08 million from revenues of $45.77 million.

The results reflect a difficult trading environment experienced by the Anyware distribution business, the Group's key revenue and cost contributor. In particular, the results reflect a decrease in revenue contributions from 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.

As outlined in last year's Annual Report to shareholders, the Company undertook a review of its operations with a particular focus on reducing costs wherever possible and attempting to find ways to become more efficient.

Our initiatives to develop alternative business opportunities with innovative and efficient supply chain strategies , in particular Manufacturer -to Consumer (**M2C**) via joint ventures were put on hold primarily driven by our decision to give attention to the Anyware business and to preserve cash.

During the course of the FY18 year it became apparent to the Directors that the Anyware business was failing to perform to an acceptable level, and despite close attention to increase sales opportunities and further reduce costs, the business continued to underperform.

In essence the major contributing factors can be summarised as follows:

- Saturation of market competitors and therefore fierce competition
- Continuous shrinking margins of the IT B2B sector
- Due to the competitive nature of the sector, cash flow pressures due to extended credit terms to customers and long term stock holding
- Infrastructure requirements to operate from multiple warehouses (notwithstanding recent wind down of Adelaide warehouse and plans to close other locations)

The Directors took the view in the second operating quarter of the year that the Group should either undertake acquisitions in this sector to compliment the Anyware business and build scale or alternatively seek to divest of the business.

The Board undertook 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 Company contracted an industry specialist in the M&A sector to assist to identify either opportunities to consolidate other businesses into the Group, or in the alternative to seek potential buyers of the business.

Subsequent to 30 June 2018, the Company announced to the market the sale of the Anyware business to Leader Computers Pty Ltd, a national IT hardware distributor headquartered in Adelaide.

The key terms of the sale are:

- The purchaser will acquire the majority of the inventory held by Anyware estimated at approximately $4.5 million, account receivables, accounts payables and a goodwill amount of $250,000 subject to certain conditions.
- The purchaser will assume all liabilities related to employee entitlements.
- The purchaser will acquire the Anyware business name including trademarks and domain names and all customer and supplier database.
- The purchaser will resume the current warehouse lease agreement in New South Wales in connection with Anyware Business.
- The expected date of settlement of the sale is 3 October 2018.

The sale of the business relieves certain financial pressures faced by the Group with Leader Computers taking over staff and entitlements, lease of warehouses (save for the Dandenong warehouse premises in Victoria that is still required in the short term) and allows the Group to conclude previous trade financing arrangements with our bankers.

With the sale of this loss-making subsidiary, the Group can concentrate on its other main brand "Harris Technology ", growing its sales and looking for complimentary businesses to acquire in the online sector.

Additionally, the Group will be looking at its M2C opportunities that have been placed on hold for many months as well as other new opportunities

On behalf of the Board, we thank you for your ongoing support. We look forward to meeting with those of you who are able to attend our upcoming Annual General Meeting.

Yours sincerely

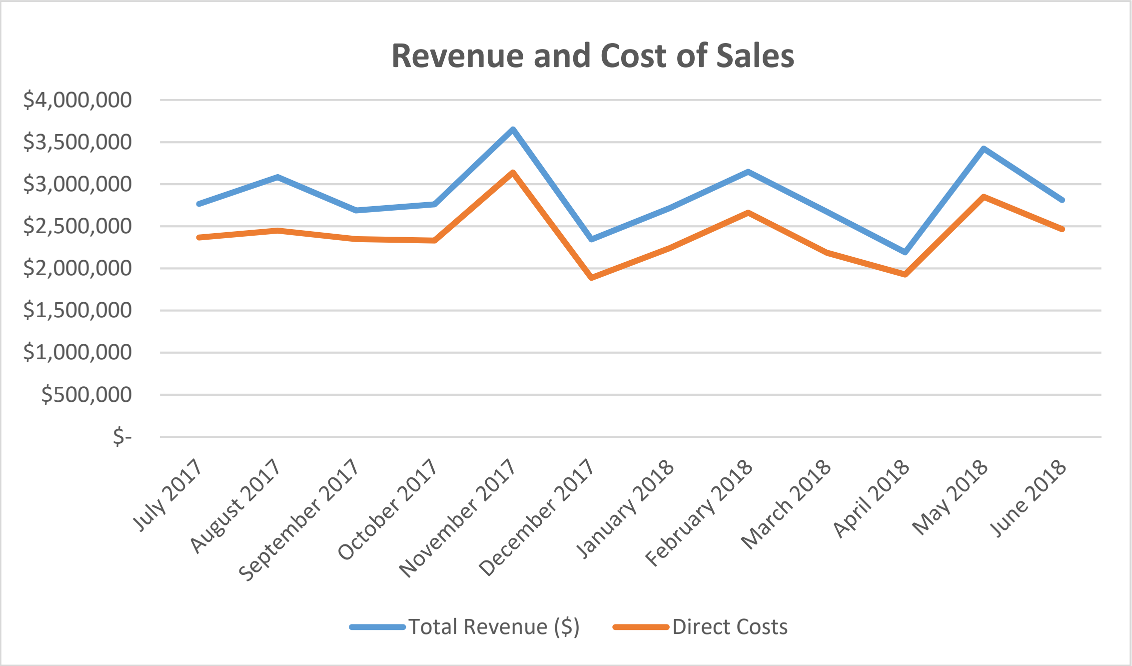
Andrew Plympton
Non-Executive Chairman
Melbourne, 27 September, 2018

Garrison Huang
Managing Director
Melbourne, 27 September, 2018

FY18 Summary

Full year profit and loss summary

	FY18 ($m)	FY17 ($m)	Change ($m)
Revenue from continuing operations			
Sales revenue	45.66	51.07	(5.41)
Other revenue	0.11	0.01	0.10
Total revenue	45.77	51.08	(5.31)
Total comprehensive (loss)/profit	(2.06)	(3.06)	1.00



Full year profit and loss summary - underlying

	FY18 ($m)	FY17 ($m)	Change ($m)
Non-statutory financial results include:			
Gross profit	6.19	9.07	2.88
Loss before income tax	(2.06)	(2.85)	(0.79)
Total comprehensive (loss) / profit	(4.13)	(6.22)	(2.09)
Operating costs			
Direct costs	(39.47)	(41.99)	2.52
Other costs and expenses	(8.37)	(12.13)	(3.76)

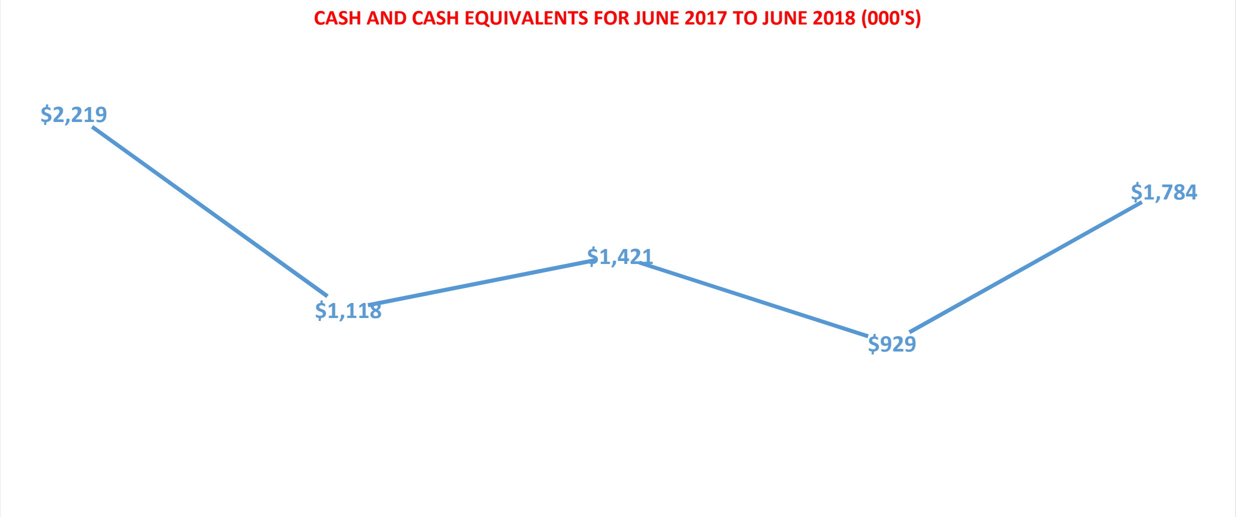
Balance Sheet

	30 Jun 18 ($m)	30 Jun 17 ($m)
Cash and cash equivalents	1.78	2.22
Inventories	6.34	7.24
Property, plant and equipment	0.73	0.84
Intangible assets	-	0.02
Net assets	(2.92)	(1.63)

Cash position

Cash and cash equivalents of $1,783,506 at 30 June 2018

Based on the cash position at end of FY18 and as a result of a stringent budgeting process, the company believes it is in a position to meet planned operational and capital expenditure throughout FY19.



	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
$000's	$2,219	$1,118	$1,421	$929	$1,784

Management Team

Garrison Huang

Executive Director & Chief Executive Officer

- 20 years' experience in management in the IT Importing and Distributing industry
- Co-Founder of Anyware Corporation Pty Ltd – a leading IT accessory distributor with well-established importing & distribution channels
- Appointed Executive Director and Chief Executive Officer on 19 July 2016

Bob Xu

Executive Director

- Founder of successful import and distribution company AZA International
- Business Director for Anyware Corporation Pty Ltd since 2012
- Appointed Executive Director on 19 July 2016

FY19 Strategy

Growth of revenue	◈ Capitalising and growing on monthly revenue position
Operationally profitable	◈ Continual improvement in business processes to improve our position
Joint Venture	◈ Establish JV partner to facilitate and strengthen M2C strategy
Acquisitions	◈ Seek appropriate acquisition opportunities ◈ With the merged entity, Wholesales and Online properties can be integrated into the operating model and deliver ongoing revenue growth

The M2C opportunity

- Cross Border Direct Shipping with Local Presence

In FY18 the Group established two joint ventures in Hong Kong based on the M2C business model and started the operations. The (M2C) model consists of drop-shipping orders from manufacturers directly to consumers. In Harris Technology Group's case, the Group will be able to leverage its strong existing business relationships in China, allowing products to be sourced directly from manufacturers in China and presented to consumers via Australian major e-commerce platforms such as eBay and Amazon. This venture will have a strong Australian presence and an Australian based customer support and warranty team.

The Group's The M2C venture provides a number of cost benefits. The model effectively compresses the supply chain, ensuring competitive pricing and maximised cost saving. Little to zero stock holding will be required, as due to the drop ship element of the model inventory cost will only be incurred once a sale has been completed. Sales will be paid for by consumers upfront, ensuring each sale is cash flow positive. The structure and resources of the Group's joint venture partner in Shenzhen and Guangzhou, China will also be available to be fully utilized, significantly reducing Group operating costs.

Due to heavy commitment required on the Anyware business by the management team, unfortunately, during FY18, the two joint ventures have not grown that can demonstrate a clear revenue base level for the group. However, the early trial on Amazon US market during recent months by the Shenzhen Joint Venture has proven to be successful, therefore, the M2C business model will expand its coverage in the US shortly.

The company is now much more focused on the e-commerce B2C and M2C operations having divested Anyware B2B business, the management will be able to put in more resources into these key business operations and start improving the revenue base, as the same time, looking for new opportunities based on new emerging technology trends.

HT GROUP COMPANIES

Anyware®

Australia's leading importer and distributor of computer accessories to IT resellers - **www.anyware.com.au**

harristechnology
Let's talk technology

Australia's premiere online business IT retailer, now in its 30th year, incorporating the merged Warcom and Estore entities - **www.ht.com.au**

WOW BABY

Offering Australian families a range of quality baby and mothercare products - **www.wowbaby.com.au**

audion

Many years of import and wholesale business experience, Audion boasts German gaming brand Roccat, China's top computer speaker brand Edifier, as well as the Italian luggage brand Tucano.

Corporate Information

DIRECTORS

Mr Andrew Plympton	Non-Executive Chairman
Mr Garrison Huang	Executive Director & CEO
Mr Bob Xu	Executive Director
Mr Howard Chen	Non-Executive Director

COMPANY SECRETARY

Ms Alyn Tai

REGISTERED OFFICE

136-140 South Park Drive
Dandenong South, Victoria 3175
Tel: 1300 13 99 99

AUDITORS

RSM Australia Partners
Level 21, 55 Collins Street
Melbourne Victoria 3000

BANKER

Westpac
360 Collins Street
Melbourne Victoria 3000

SHARE REGISTRY

Boardroom Pty Limited
Level 12, 225 George Street
Sydney New South Wales 2000
Tel: 1300 13 99 99

EXCHANGE LISTING

Harris Technology Group Limited's ordinary shares are quoted on the Australian Securities Exchange (ASX: HT8)

STATE OF INCORPORATION

Victoria

Directors' Report

The Directors present their report together with the financial report of the consolidated entity consisting of Harris Technology Group Limited (the Company) and its controlled entities (the Group), for the financial year ended 30 June 2018 and independent auditor's report thereon.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The qualifications, experience and special responsibilities of each person who has been a Director of Harris Technology Group Limited, together with details of the Company Secretary, during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Andrew Plympton, Independent, Non-Executive Chairman

Mr Plympton was appointed to the Board on 9 February 2010 as an Independent Non-Executive Chairman. Mr Plympton assumed the role of Executive Chairman from 11 March 2016 – 19 July 2016, after which he resumed his role as Non-Executive Chairman.

Experience and expertise	Mr Plympton joined the Company in February 2010 and brings a wealth of experience in a diverse range of commercial activities. Mr Plympton has spent more than 35 years in the financial services area, as Managing Director and/or Executive Chairman of a number of international insurance brokers and risk managers. In addition he held the role of Chairman in Underwriting Agencies and Captive Insurance Managers.
Other directorships held by Director in the last 3 years	In the public company sector Mr Plympton is a director of Energy Mad Limited (NZX: MAD). Mr Plympton was an Executive Member of The Australian Olympic Committee and Director of The Australian Olympic Foundation Limited. He is a Commissioner of the Australian Sports Commission and Advisory Board Member of Global Risk Advisory Company Aon. During the last three years Mr Plympton has also served as a director of the listed companies NewSat Limited (ASX: NWT) from 18 February 2010 to 30 June 2014, Sunbridge Group Limited (ASX: SBB) from 23 July 2013 to 30 December 2014, XPD Soccer Gear Limited (ASX: XPD) from 7 February 2015 to 3 August 2017 and has been a director of Bluestone Global Limited (ASX: BUE) since 19 July 2013. Mr Plympton was also Chairman of KneoMedia Limited (ASX: KNM) from 26 August 2010 to 21 October 2015.
Special responsibilities	Chair of the Board
Relevant interest in Harris Technology Group securities as at the date of this report	Mr Plympton has a relevant interest in 160,000 fully paid ordinary shares which are held by an entity Mr Plympton controls.

Garrison Huang, Executive Director

Mr Huang was appointed to the Board on 03 March 2016 as a Non-Executive Director. Mr Huang was appointed as Executive Director and CEO on 19 July 2016.

Experience and expertise	Mr. Huang came to Australia from Shanghai, where he was born, and became an Australian citizen in 1996. Mr. Huang holds a Bachelor of Engineering degree from Zhejiang University, in China, a Graduate Diploma in Computer Systems Engineering from Swinburne University and a Graduate Certificate in Marketing from Melbourne University. Mr. Huang is a co-founder of Anyware Corporation Pty Ltd – a leading IT accessory distributor in Australia. Anyware is a well-established importing and distribution business with offices and warehouses in Melbourne, Sydney, Brisbane, Perth and Adelaide. In 2015 Anyware Corporation Pty Ltd acquired Harris Technology (www.ht.com.au) from Officeworks, one of Australia's longest established and leading e-commerce businesses focusing on technology products.
Other directorships held by Director in the last 3 years	During the last three years, Mr Huang has not served as a director of any other listed companies.
Special responsibilities	None.
Relevant interest in Harris Technology Group securities as at the date of this report	Mr Huang has a relevant interest in 80,110,489 fully paid ordinary shares which are held by an entity that Mr Huang controls.

Bob Xu, Executive Director

Mr Xu was appointed to the Board on 07 March 2016 as a Non-Executive Director. Mr Xu was appointed as Executive Director on 19 July 2016.

Experience and expertise	Mr. Xu came to Australia in 1987, and became an Australian Citizen in 1995. Mr. Xu holds a Diploma in Mechanical Engineering from the Shanghai Aviation Technology Institute, and studied Engineering for four years at TongJi University. Mr. Xu started an import and distribution business with AZA International Pty Ltd in 1996. Mr. Xu has served as Business Director of Anyware Corporation Pty Ltd (Anyware) since 2012.
Other directorships held by Director in the last 3 years	During the last three years, Mr Xu has not served as a director of any other listed companies.
Special responsibilities	None.
Relevant interest in Harris Technology Group securities as at the date of this report	Mr Xu has a relevant interest in 8,638,903 fully paid ordinary shares which are held by an entity that Mr Xu controls.

Howard Chen, Non-Executive Director

Mr Chen was appointed to the Board on 19 July 2016 as a Non-Executive Director.

Experience and expertise	Mr. Chen holds a Masters of Microelectronics degree from Griffith University, and is a member of the Institution of Engineers Australia. Mr. Chen has a strong background in and deep understanding of electrical and IT products, with years of extensive experience in global product sourcing, development, brand marketing and sales. Prior to the completion of his Masters degree, he worked as the system design engineer in Quanta Computer (Shanghai), the global number one in laptop and hardware manufacturing. Mr. Chen is also a graduate of Jiliang University. Mr. Chen is currently the managing director of Ultra Imagination Technology Pty Ltd. The company owns mbeat, one of the most dynamic and fast growing lifestyle tech brands in Australia. mbeat holds a heavyweight presence in the Australian and New Zealand national retailer and online sectors, being retailed through the likes of Harvey Norman, Officeworks, The Warehouse Group, Catchoftheday and Kogan, and is currently breaking into the US market.
Other directorships held by Director in the last 3 years	During the last three years, Mr Chen has not served as a director of any other listed companies.
Special responsibilities	None.
Relevant interest in Harris Technology Group securities as at the date of this report	Mr Chen has a relevant interest in 1,502,769 fully paid ordinary shares in Harris Technology Group Ltd which are held by an entity Mr Chen controls and by Mr Chen personally.

Alyn Tai, Company Secretary

Ms Tai was appointed as Company Secretary on 24 June 2015.

Experience and expertise	Ms Tai, LL.B (Hons) Exon, is a practising lawyer. She joined the law firm Corporate Counsel Pty Ltd, which provides corporate and company secretarial services to Australian companies in 2010. Prior to joining Corporate Counsel, she trained as an advocate at the Bar in London. Ms Tai has acquired international legal experience from working in law firms and barristers' chambers in London, Singapore and Melbourne. Ms Tai graduated from the University of Exeter in the United Kingdom in 2008, and was called to the Bar of England and Wales before being admitted to the Supreme Court of Victoria as an Australian lawyer. Ms Tai is a member of the Honourable Society of Inner Temple in the United Kingdom and the Law Institute of Victoria.
Relevant interest in Harris Technology Group securities as at the date of this report	Ms Tai has a relevant interest in 80,000 fully paid ordinary shares in Harris Technology Group.

Directors' Meetings

The number of meetings of the Board of Directors held during the financial year and the numbers of meetings attended by each Director (while they were a Director) were as follows:

Director	Eligible to Attend	Number Attended
Mr. Andrew Plympton	9	9
Mr. Garrison Huang	9	9
Mr. Bob Xu	9	9
Mr. Howard Chen	9	9
Mr. Mark Goulopoulos*	2	1

**Mark Goulopoulos resigned as a Director on 13 September 2017*

Board Committees

Functions previously being undertaken by the Nomination and Remuneration Committee and the Audit and Risk Management Committee are currently being performed by the Board as a whole. This will continue to be the case until the Board determines otherwise.

Directors' Interests in Shares and Options of the Group

As at the date of this report, the relevant interests of the Directors (and former Directors during the year) in the shares and options of the Group were:

Director	Number of ordinary shares	Number of options (unlisted)
Mr. Andrew Plympton *1*	160,000	nil
Mr. Garrison Huang *2*	80,110,489	nil
Mr. Bob Xu *3*	8,638,903	nil
Mr. Howard Chen 4	1,849,586	nil
Mr. Mark Goulopoulos 5	1,416,443	nil

1. *The shares are held by Mr. Andrew J Plympton & Mrs. Kim P Plympton ATF Plympton Exec Super Fund A/C; Mr. Plympton controls this entity.*
2. *The shares are held by Australian PC Accessories Pty Ltd ATF GWH A/C; Mr. Huang controls this entity.*
3. *The shares are held by Aza International (Aust) Pty Ltd ATF North City Family A/C; Mr. Xu controls this entity.*
4. *The shares are held by H & J Investment Pty Ltd ATF H & J Superannuation Fund which Mr. Chen controls; and by Mr. Chen personally.*
5. *The shares are held by Atlantis MG Pty Ltd ATF MG Family Super Fund A/C and Atlantic MG Pty Ltd ATF MG Family A/C; Mr. Goulopoulos is the practical controller of Atlantis MG Pty Ltd and figures are as at resignation date. .*

Earnings Per Share

Earnings Per Share	Cents
Basic and diluted earnings per share	(1.46)

Dividends Paid, Recommended and Declared

No dividends were paid, declared or recommended since the start of the financial year ended 30 June 2018 (2017: nil).

OPERATING AND FINANCIAL REVIEW

Corporate Structure

Harris Technology Group Limited is a company limited by shares that is incorporated and domiciled in Australia and listed on the Australian Securities Exchange (ASX). Harris Technology Group Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year ended 30 June 2018. The Company's subsidiary entities are set out in note 26 to the consolidated financial statements.

Nature of operations and principal activities

The Group's principal activities during the course of the financial year were in the areas of technology distribution and online retailing. There was a significant change to the Group's principal activities during the year, which are detailed below in 'significant changes in the state of affairs'.

Employees

The Group has 69 employees, inclusive of casual and part-time staff as at 30 June 2018 (2017: 76). The Group does not have consulting agreements with any contractors as at 30 June 2018 (2017: Nil).

Group Performance over the five-year period

	2018	2017	2016	2015	2014
Basic earnings/(loss) per share (cents)	(1.46)	(2.20)	(1.08)	(0.47)	(0.54)

Financial position

The Group had net liabilities of $2,919,908 as at 30 June 2018 (2017: $1,629,519 net liabilities).

The Group had trade and other receivables of $4,719,693 as at 30 June 2018 (2017: $5,979,589).

The Group had trade and other payables of $7,906,974 as at 30 June 2018 (2017: $8,923,541).

Cash flows

The Group generated net operating cash outflows of $711,710 during the year ended 30 June 2018 (2017: net cash outflows $196,752). Net investing cash inflows were $1,540 in the year ended 30 June 2018 (2017: net cash outflow $899,711).

Net financing cash inflows were $274,413 in the year ended 30 June 2018 (2017: net financing cash inflows of $1,232,317).

There was a cash balance at 30 June 2018 of $1,783,506 (2017: $2,219,264).

Risk Management

The Board takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board. In FY16 the Company established an Audit and Risk Management Committee to oversee this audit and risk management function of the Board. Following changes to the composition of the Board, the Audit and Risk Management Committee has been suspended and its functions carried out by the Board as a whole.

Significant changes in the state of affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

Appointments and resignations of officeholders

- On 13 September 2017, Mr Mark Goulopoulos resigned as a Non-Executive Director.
- On 6 February 2018, Ms Amy Wenjuan Guan resigned as a CFO.

Change of auditor

There is no change of auditor during the financial year.

Significant events after the balance date

On 11 July 2018, the trade finance facility with Westpac was terminated. The company will finalise the repayment of the facility in October 2018 utilising the proceeds from the sale of the assets and liabilities of the Anyware business.

On 31 August 2018, the company announced that it signed a Business Asset Purchase Agreement to sell Anyware to Leader Computers. The following are highlights of the deal:

- The purchaser will acquire majority of the inventory held by Anyware estimated to be $4 million to $4.5 million, along with the following estimated values; account receivables of $3.5 million; account payables of $4.9 million; and a goodwill value of $250,000.
- The purchaser will take over most of the employees from Anyware including their employee provisions estimated to be $136,000.
- The purchaser will acquire Anyware and related intellectual property.
- The purchaser will take over the Anyware lease in NSW.

Apart from the matters detailed above, no other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Environmental regulation

The Group's operations are not subject to any significant Commonwealth or State environmental regulations or laws.

Shares issued during the year

Issue of 1,020,000 performance Rights to Employees under the Company's Long Term Incentive Plan 5th July 2017.

Issue of 50,000 performance Rights to Employees under the Company's Long Term Incentive Plan 12th September 2017.

Issue of 678,012 shares to Howard Chan and Mark G in lieu of outstanding director fees of $30,654 and $31,645, respectively, owing to them on 7th December 2017.

Issue of 14,844,086 ordinary shares upon conversion of an outstanding loan amount of $742,204 owing by HT8 to Blooming Star Consultants Limited on 21 November 2017

Share options (listed and unlisted)

As at 30 June 2018, there were nil unlisted options under the Company's Long Term Incentive Plan (**LTIP**) on issue.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, RSM Australia Partners, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify RSM Australia Partners during or since the financial year.

Proceedings on behalf of the Consolidated Entity

No person has applied for leave of Court to bring proceedings on behalf of the Group.

Remuneration Report (Audited)

This Remuneration Report for the year ended 30 June 2018 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

At the Company's 2016 Annual General Meeting, shareholders approved Harris Technology Group's Long Term Incentive Plan (**LTIP**).

The remuneration report is presented under the following sections:

1. Key Management Personnel (**KMP**) disclosed in this report
2. Remuneration Governance
3. Executive remuneration arrangements
4. Non-executive director remuneration arrangements
5. Additional information
6. Details of Key Management Personnel Remuneration
7. Additional disclosures relating to options and shares

1. Key Management Personnel (KMP) disclosed in this report

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Group, including any Director of the Group.

Key Management Personnel during the financial year are as follows:

(i) Executive directors	
Mr Garrison Huang*	Director (executive)
Mr Bob Xu**	Director (executive)
(ii) Non-executive directors (NEDs)	
Mr Andrew Plympton***	Chairman (non-executive)
Mr Mark Goulopoulos	Director (non-executive)
Mr Howard Chen****	Director (non-executive)
(iii) Executive	
Miss Amy Wenjun Guan *****	Chief Financial Officer (CFO)

**Garrison Huang appointed Executive Director and CEO on 19 July 2016.*

***Bob Xu appointed Executive Director on 19 July 2016.*

****Andrew Plympton temporarily appointed Executive Director on 11 March 2016, resumed regular duties as Non-Executive Chairman on 19 July 2016.*

*****Howard Chen appointed Non-Executive Director on 19 July 2016.*

Mark Goulopoulos retired as a Non-Executive Director on 13 September 2017

****** Amy Wenjuan Guan resigned as a CFO on 6 February 2018*

2. Remuneration Governance

Remuneration Policy

The performance of the Group depends upon the quality of its Directors and executives. To be successful, the Group must attract, motivate and retain highly skilled Directors and executives. To this end, the Group seeks to provide competitive rewards to attract high calibre executives. The Nomination and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Non-Executive Directors, the Chief Executive Officer and other Key Management Personnel on a periodic basis. In doing so, the Nomination and Remuneration Committee has reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. A recommendation of the Nomination and Remuneration Committee is presented to the Board of Directors for adoption and approval. Following changes to the structure of the Board, the Nomination and Remuneration Committee has been suspended and its functions are currently being performed by the entire Board.

Hedging of equity awards

The Group has a policy in place to prohibit Directors and executives from entering into equity hedging arrangements to protect the value of unvested options.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive and executive remuneration is separate and distinct.

3. Executive remuneration arrangements

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- Reward executives for the Group and individual performance;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

Currently remuneration is paid in the form of salaries & fees, superannuation contributions and shares where applicable.

4. Non-Executive Director remuneration arrangements

The Group's constitution provides that the total amount of remuneration provided to all non-executive Directors must not exceed $500,000.

5. Additional Information

The earnings of the consolidated entity for the five years to 30 June 2018 are summarised below:

	2018	2017	2016	2015	2014
	$'000	$'000	$'000	$'000	$'000
Sales revenue	45,657	51,069	17,790	18,454	1,657
EBITDA	(1,553)	782	(5,967)	(2,044)	(1,458)
EBIT	(1,685)	(2,466)	(6,373)	(2,437)	(1,490)
Profit after income tax	(2,062)	(3,061)	(6,510)	(2,481)	(1,490)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2018	2017	2016	2015	2014
Share price at financial year end ($)	0.05	0.08	0.10	0.35	0.525
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(1.46)	(2.20)	(1.08)	(0.47)	(0.54)

6. Details of Key Management Personnel Remuneration

Details of remuneration received by key management personnel of the Group for the current financial year are set out in the following table:

		Short-term benefits		Post-employment	Security based payments		Total $	Performance related %
Executive Directors		Salary & fees $	Cash bonus $	Superannuation $	Options $	Shares $		
Mr Garrison Huang *1*	2018	35,166	-	3,341		-	38,507	-
	2017	32,693	-	3,106		-	35,799	-
Mr Bob Xu *2*	2018	83,837	-	1,695		-	85,533	-
	2017	77,492	-	-		-	77,492	-
Non-Executive Directors								
Mr Andrew Plympton *3*	2018	35,200	-	-		-	35,200	-
	2017	48,000	-	-		28,000	76,000	-
Mr Howard Chen *4*	2018	-	-	-		-	-	-
	2017	-	-	-		4,403	4,403	-
Mr Mark Goulopoulos *5*	2018	-	-	-		-	-	-
	2017	-	-	-		26,460	26,460	-
Mr Domenic Carosa *6*	2018	-	-	-		-	-	-
	2017	1,250	-	-		21,000	22,250	-
Other Key Management Personnel								
Miss Amy Wenjun Guan *7*	2018	90,548	-	5,956			96,504	-
	2017	90,016	-	8,552			98,568	
Mr Simon Crean	2018	-	-	-	-	-	-	-
	2017	-	-	2,020	-	-	2,020	-
Mr Graeme Lay	2018	-	-	-		-	-	-
	2017	-	-	1,188		-	1,188	-
Total KMP	**2018**	**244,752**	**-**	**10,992**	**-**	**-**	**255,744**	**-**
	2017	**249,451**	**-**	**14,866**	**-**	**79,863**	**344,180**	**-**

1. *Garrison Huang appointed Executive Director and CEO on 19 July 2016.*
2. *Bob Xu appointed Non-Executive Director on 19 July 2016.*
3. *Andrew Plympton resumed his role as Non-Executive Chairman on 19 July 2016, after acting as Executive Chairman from 11 March 2016 to 18 July 2016.*
4. *Howard Chen appointed Non-Executive Director on 19 July 2016.*
5. *Mark Goulopoulos resigned as a Non-Executive Director on 13 September 2017.*
6. *Domenic Carosa resigned as a Non-Executive Director on 19 July 2016*
7. *Amy Wenjuan Guan resigned as a CFO on 6 February 2018*

7. Additional disclosures relating to options and shares

a. Performance rights holdings of key management personnel

As at the end of FY18 there were zero options granted to KMP under the LTIP. No further options have been granted.

Shares issued on exercise of options

There were no shares issued to KMP during the year upon the exercise of options.

b. Shareholdings of key management personnel

	Balance at 1 July 2017 No.	Acquired during the year pre-consolidation No.	Post-consolidation balance No.	Acquired/(dis-posed) during the year post-consolidation No.	Other movements	Balance at 30 June 2018 No.
Executive Directors						
Mr Garrison Huang *1*	80,110,489	-	-	-	-	80,110,489
Mr Bob Xu *2*	8,638,903	-	-	-	-	8,638,903
Non-Executive Directors						
Mr Andrew Plympton *3*	160,000	-	-	-	-	160,000
Mr. Mark Goulopoulos 5	1,416,443	-	-	-	(1,416,443)	-
Mr Howard Chen *4*	1,502,769	-	346,817	-	-	1,849,586

1. *The shares are held by Australian PC Accessories Pty Ltd ATF GWH A/C; Mr Huang controls this entity.*
2. *The shares are held by Aza International (Aud) Pty Ltd <North City Family A/C>; Mr Xu controls this entity.*
3. *The shares are held by Mr Andrew J Plympton & Mrs Kim P Plympton <Plympton Exec Super Fund A/C>; Mr Plympton controls this entity.*
4. *The shares are held by Mr Chen personally and by H & J Investment Pty Ltd <H & J Super Fund A/C>; Mr Chen controls this entity.*
5. *The shares are held by Atlantis MG Pty Ltd ATF MG Family Super Fund A/C and Atlantic MG Pty Ltd ATF MG Family A/C; Mr Goulopoulos is the practical controller of Atlantis MG Pty Ltd.*

c. Loans to key management personnel and their related parties

There were no loans made to key management personnel and their related parties during the financial year and none are outstanding as at the date of this report.

d. Other transactions and balances with key management personnel and their related parties

All transactions were made on normal commercial terms and conditions and at market rates unless otherwise stated.

	2018 $	2017 $
Purchases from entities controlled by KMP and their related parties		
Rental of office and warehouse buildings *1*	665,262	523,702
Inventories *2*	1,453,471	1,450,252
Management services *3*	44,355	77,492
Interest expense on directors' loans *4*	113,061	72,600
Gain on Debt Forgiveness 4	(115,620)	-
Total related party purchases	**2,160,529**	**2,124,046**
Sales to entities controlled by KMP and their related parties		
Inventories *2*	553,619	466,560
Management services *3*	42,000	84,000
Total related party sales	**595,619**	**550,560**

1. *Rental to Garrison Huang and his controlling entity was $601,873 in FY18 (2017: $478,800); Rental to Bob Xu's controlling entity was $63,339 in FY18 (2017: $44,902).*
2. *Inventories purchased from Bob Xu's controlling entity was $567,412 in FY18 (2017: $449,700); Inventories purchased from Howard Chen's controlling entity was $886,058 in FY18 (2017: $986,514); Inventories purchased from Anyware New Zealand Pty Ltd was NIL in FY17 (2017: $14,038). Inventories sold to Anyware New Zealand Pty Ltd was $553,619 in FY18 (2017: $466,560).*
3. *Management service fee charged by Bob Xu was $44,355 in FY18 (2017: $77,492). Management service fee charged to Anyware New Zealand Pty Ltd was $42,000 in FY18 (2017: $84,000).*
4. *The Group accrued $113,061 interest expense in FY18 for loans from Garrison Huang and Bob Xu. Garrison Huang provided the Group with a debt forgiveness of $115,620 in FY18 for unpaid interest on loans.*

($)	**2018**	**2017**
Current payables to entities controlled by KMP		
Trade payables - Inventories	545,050	218,171
Current receivables from entities controlled by KMP		
Trade receivables - Inventories	294,024	353,531

Anyware entered in lease agreements with Garrison Huang and his controlling entity for office and warehouse buildings at Dandenong South, VIC, Banyo, QLD, Findon, WA. The leases are for a period of 8 years commencing on 1 July 2012.

Anyware purchases inventories from AZA International Pty Ltd for its ordinary business activities at arm's length.

Anyware purchases inventories from Ultra Imagination Pty Ltd whose director is Howard Chen for its ordinary business activities at arm's length.

Anyware purchases or/and sales inventories from/to Anyware New Zealand Pty Ltd whose director is Garrison Huang for its ordinary business activities at a discounted gross margin between 8-10%. The discount provided was approximately $46,000.

Bob Xu entered into a service agreement with Anyware for a monthly fee from 16 March 2011, as per the 'Details of Key Management Personal Remuneration' table above (Remuneration Report section 6).

Anyware New Zealand pays management fees for operational services provided by Anyware in purchasing, marketing, IT and management service provided by Anyware's management team.

($)		2018	2017
Name of director	**Entity/Shareholder**		
Garrison Huang	Australian PC Accessories Pty Ltd <GHW A/C>	3,968,686	4,018,305
Bob Xu	AZA International (Aust) Pty Ltd <North City Family A/C>	120,000	120,000
		4,088,686	**4,138,305**

The payments of principal and interest on all directors' loans have been deferred for a period through to 30 June 2019. Interest accrued on deferred loans in the balance sheet is $110,457 as of 30 June 2018. The interest rate charged is 5.5% for loans of $2,128,305 and 12% for loan of $300,000. There are 0% interest on loans of $1,600,380.

Tax consolidation

Harris Technology Group and its 100% owned subsidiaries are part of an income tax consolidated group.

Auditor's independence declaration

A copy of an auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Non-audit services

RSM Australia Partners did not perform any non-assurance services during the year.

Signed in accordance with a resolution of the Directors

Andrew Plympton
Non-Executive Chairman

Melbourne, 27 September 2018

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Harris Technology Group Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 27 September 2018
Melbourne, Victoria

Corporate Governance Statement

The Company's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) (Recommendations) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any recommendations that have not been followed, and provides reasons for not following such recommendations (Corporate Governance Statement).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on Harris Technology Group's website (**www.ht8.com.au**), and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will identify each Recommendation that needs to be reported against by Harris Technology Group, and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters and policies are all available on Harris Technology Group's website (**www.ht8.com.au**).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(FOR THE YEAR ENDED 30 JUNE 2018)

($)	Notes	2018	2017
Revenue			
Sales revenue	6	45,656,903	51,068,575
Direct costs		(39,471,702)	(41,994,531)
Gross profit		**6,185,201**	**9,074,044**
Other income	6	111,201	10,271
Distribution expenses		(858,042)	(872,233)
Marketing expenses		(170,945)	(209,479)
Transaction expenses		(164,025)	(230,785)
Employee contractor and director expenses		(4,710,597)	(4,794,704)
Occupancy costs		(1,151,643)	(1,150,612)
Technology expenses		(205,070)	(479,514)
Holding company expenses		(410,884)	(273,880)
Depreciation and amortisation expenses	7	(132,560)	(130,033)
Impairment expenses	7	-	(3,117,482)
Other expenses	7	(219,389)	(266,051)
Finance costs	7	(376,661)	(381,258)
Exchange gain / (loss)		41,350	(25,165)
(Loss) / Profit before income tax		**(2,062,064)**	**(2,846,881)**
Income tax benefit / (expense)	8	-	-
(Loss) / Profit from continuing operations		**(2,062,064)**	**(2,846,881)**
Discontinued operations		-	(214,011)
Total comprehensive (loss) / profit for the period		**(2,062,064)**	**(3,060,892)**
Earnings per share from continuing operations (cents)			
- Basic earnings / (loss) per share	9	(1.46)	(2.20)
- Diluted earnings / (loss) per share	9	(1.46)	(2.20)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(AS AT 30 JUNE 2018)

($)	Notes	2018	2017
Current Assets			
Cash and cash equivalents	10	1,783,506	2,219,264
Trade and other receivables	11	4,719,693	5,979,589
Inventories	12	6,341,556	7,238,240
Prepayments and deposits	13	151,678	100,580
Total Current Assets		12,996,433	15,537,673
Non-current Assets			
Property, plant and equipment	14	732,838	844,910
Intangible assets		-	22,028
Total Non-current Assets		732,838	866,938
Total Assets		**13,729,272**	**16,404,611**
Current Liabilities			
Trade and other payables	15	7,906,974	8,923,541
Financial liability	16	4,097,840	4,355,881
Employee benefit liabilities	17	465,420	462,788
Total Current Liabilities		12,470,234	13,742,210
Non-current Liabilities			
Financial liability	16	4,158,500	4,251,422
Employee benefit liabilities	17	20,447	40,498
Total Non-current Liabilities		4,178,946	4,291,920
Total Liabilities		**16,649,180**	**18,034,130**
Net Assets / (Net Deficiency of Assets)		**(2,919,908)**	**(1,629,519)**
Equity			
Contributed equity	18	7,594,915	6,706,411
Accumulated losses	19	(10,514,823)	(8,335,930)
Total Equity		**(2,919,908)**	**(1,629,519)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(FOR THE YEAR ENDED 30 JUNE 2018)

($)	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 Adjustment	-	(116,829)	(116,829)
Share based payments	146,299	-	146,299
Share issued on conversion of loan	742,205	-	742,205
At 30 June 2018	**7,594,915**	**(10,514,822)**	**(2,919,907)**

($)	Share Capital	Accumulated Losses	Total Equity
At 1 July 2016	**4,963,077**	**(5,275,038)**	**(311,961)**
Loss for the period	-	(3,060,892)	(3,060,892)
Other comprehensive income	-	-	-
Total comprehensive income	**-**	**(3,060,892)**	**(3,060,892)**
Transactions with owners in their capacity as owners			
Dividend paid	-	-	-
Placement issued	800,000		800,000
Share issued on reverse acquisition	933,471		933,471
Placement issued	9,863	-	9,863
At 30 June 2017	**6,706,411**	**(8,335,930)**	**(1,629,519)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(FOR THE YEAR ENDED 30 JUNE 2018)

($)	Notes	2018	2017
Cash flows from operating activities			
Receipts from customers		51,602,289	60,080,507
Payments to suppliers and employees		(52,430,828)	(60,281,369)
Interest received		-	4,110
Net cash flows (used in) / provided by operating activities	10	**(828,539)**	**(196,752)**
Cash flows from investing activities			
Cash acquired on reverse acquisition		-	508,496
Acquisition of business, net of cash consideration		-	(1,420,706)
Disposal of business, net of cash consideration		-	140,000
Payments for property, plant and equipment		1,540	(127,562)
Net cash flows (used in) / provided by investing activities		**1,540**	**(899,772)**
Cash flows from financing activities			
Proceeds from placement issued		-	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 (used in) / provided by financing activities		**391,241**	**1,232,317**
Net increase / (decrease) in cash and cash equivalents		**(435,758)**	**135,793**
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	10	**1,783,506**	**2,219,264**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2018)

1. CORPORATE INFORMATION

The consolidated financial report of Harris Technology Group Limited (the Company or Harris Technology Group) and controlled entities (the Group) for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors on 28 September 2018.

Harris Technology Group is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. For the purposes of preparing the financial statements, Harris Technology Group Limited is a for profit entity.

The financial report covers Harris Technology Group and controlled entities as a consolidated entity. Harris Technology Group is a listed public company, limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared in accordance with the historical cost convention and, except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The financial report is presented in Australian dollars.

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

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of $2,062,064 (2017: $3,060,892 loss) and had net cash outflows from operating activities of $711,710 (2017: $196,752 outflows) for the year ended 30 June 2018. As at that date the consolidated entity had net liabilities of $2,919,908 (2017: $1,629,519 net liabilities).

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- As disclosed in Note 24 Significant Events after the Balance Date, the Group has entered into an Agreement to sell the Anyware Business. The cash proceeds from the sale will in part be utilised to extinguish the Westpac trade finance facility; and
- The Directors with loans to the consolidated entity, equating to $4,088,686 of debt as at 30 June 2018, have provided commitments of financial support and irrevocably deferred monthly payments of principal and interest on loans for a period through to 30 June 2020, or sooner if the consolidated entity has the capacity to repay these loans without impacting the on going viability of the consolidated entity.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

(d) New standards and interpretations issued but not yet effective

At the date of this financial report the following standards and interpretations, which may impact the entity in the period of initial application, have been issued but are not yet effective. Other than changes to disclosure formats, it is not expected that the initial application of these new standards in the future will have any material impact on the financial report, except for AASB 16 Leases. This standard requires operating leases which are currently held off balance sheet to be brought onto the balance sheet. Future expected lease payments should be capitalized and brought onto the balance sheet as an asset (right of use) and also reflect a lease liability. The asset is amortised whilst the lease is reduced as payments are made, adjusted for any lease incentives applicable and interest costs of winding the lease liability to present value. The expected value of such assets and liabilities at 30 June 2018 is $1,242,653 and the group has not brought such assets or liabilities to account.

Reference	Title	Summary	Application date (calendar years beginning)
AASB 9	*Financial Instruments*	*This Standard supersedes both AASB 9 (December 2010) and AASB 9 (December 2009) when applied. It introduces a "fair value through other comprehensive income" category for debt instruments, contains requirements for impairment of financial assets, etc.*	*1-Jan-18*
AASB 15	*Revenue from Contracts with Customers*	It contains a single model for contracts with customers based on a five-step analysis of transactions for revenue recognition, and two approach, a single time or over time, for revenue recognition.	1-Jan-18
AASB 16	*Leases*	AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts, effectively resulting in the recognition of almost all leases on the statement of financial position. The accounting by lessors, however, will not significantly change.	1-Jan-19

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of the payment and excluding taxes or duty. The Group assesses its revenue from the provision of services to customers and recognised upon delivery of the service to the customer.

Revenue from online shopping is the sale of products. The sale of products is recognised on gross basis. Any return or refund allowances will reduce revenue. The sale of products is recognised when products are sold and significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods.

Interest income

Interest income and expenses are reported on an accrual basis using the effective interest method. Interest income is included in finance income in the statement of profit or loss.

All revenue is stated net of the amount of goods and services tax (GST).

(g) Profit or loss from discontinued operations

A discontinued operation is a component of the entity that either has been abandoned, disposed of, or is classified as held for sale, and:

- represents a separate division of business or geographical area of operations; or
- is part of a single co-ordinated plan to dispose of a separate major division of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

(h) Income tax and other taxes

Current income tax expense is the tax payable on the current year's taxable income. This is based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

Harris Technology Group Limited and its wholly-owned subsidiaries have formed an income tax consolidated group under tax consolidation legislation.

The head entity, Harris Technology Group Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Harris Technology Group Limited also recognizes the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

GST taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.
- The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.
- Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Cash and cash equivalents also include amounts collected in respect of online sales during the period by agents on behalf of the Company where clear title of ownership exists.

(j) Trade and other receivables

Trade and other receivables are recognised and carried at the net of original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. Bad debts are written off when identified.

(k) Business combinations

The Group accounts for its business combinations using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

(l) Intangibles assets other than goodwill

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination is at its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected profit or loss in the period which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. The estimated useful life of each class of intangible asset is as follows:

Software Development	2 years
Domain and Websites	10 years
Customer databases	10 years
Brands	10 years

(m) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and / or any accumulated impairment losses, if any.

The carrying amount of plant and equipment is reviewed for impairment annually by the Directors for events or changes in circumstances that indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

Depreciation

The depreciable amounts of fixed assets are depreciated on a straight-line basis over their estimated useful lives of the assets as follows:

Computer	3 - 4 years
Office and warehouse equipment	3 - 5 years
Motor vehicles	5 - 6 years
Improvement	20 years

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

(n) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating leases

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(o) Impairment of property, plant, equipment, goodwill and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell or value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income, unless the asset is carried at revalued amount in which case the impairment loss is treated as a revaluation decrease.

(p) Inventories

Inventories, consisting of products available for sale, are primarily accounted for using the latest purchase price method, and are valued at the lower of cost or net realisable value. This valuation requires the group to make judgements, based on currently available information, about the likely method of disposition and expected recoverable values of each disposition category.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale.

All inventories carried are finished goods, ready for sale.

(q) Financial instruments

Classification

The Group classifies its financial instruments in the following categories: loans and receivables and financial liabilities. The classification of investments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial liabilities

The Group's financial liabilities include trade payables, other payables and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

The Group's financial liabilities are recognised at fair value and carried at amortised cost, comprising original debt less principal payments and amortisation.

(r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30-60 days of recognition.

(s) Provisions

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required at settlement is determined by considering the class of obligations as a whole.

(t) Foreign Currencies

Functional and presentation currency

The financial statements of each group entity are measured using its functional currency, which is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, as this is the parent entity's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies of entities within the consolidated entity are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

Group companies

The financial statements of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- All resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve as a separate component of equity in the reserve account.

(u) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, and annual leave that are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. All other short-term employee benefit obligations are presented as payables.

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expect future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(v) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures. A prior period adjustment of $116,829 was recognised to retained earnings in relation to loss on foreign exchanges contracts not recognised in the prior year.

(w) Share based payments

Equity settled transactions

The Group provides benefits to the directors and senior executives in the form of share options/performance rights under Harris Technology Group's Long Term Incentive Plan. These are equity settled transactions under Australian Accounting Standards.

The cost of these equity-settled transactions with directors and senior executives is measured by reference to the fair value of the equity instruments at the date when the grant is made using an appropriate valuation model. The cost is recognised together with a corresponding increase in other capital reserve in equity over the period in which the performance and / or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

In valuing equity-settled transactions, no account is taken of any non-market vesting conditions.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated less the amounts already charged in previous periods. There is a corresponding entry to equity.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting are conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and / or service conditions are satisfied.

(x) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash, receivables and other receivables, payables and other payables.

The Group manages its exposure to key financial risks, including interest rate risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates. Derivative financial instruments are used by the Group to hedge exposure to exchange rate risk associated with foreign currency transactions. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for interest rate risk, hedging limits, credit allowances and future cash flow forecast projections.

Risk exposures and responses

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with the floating interest rate. At reporting date, the Group had the following financial instruments exposed to Australian variable interest rate risk.

	2018 $	2017 $
Financial assets		
Cash and cash equivalents (interest bearing)	600,215	111,199
Financial liabilities		
Interest bearing liabilities – floating rate (current)	(2,985,481)	(2,155,504)
Interest bearing liabilities – fixed rate (current)	(1,062,500)	(2,200,377)
Interest bearing liabilities – fixed rate (non-current)	(4,158,500)	(4,251,422)
Net exposure	**(7,606,266)**	**(8,496,104)**

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at reporting date:

At 30 June 2018, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit / (loss) and other comprehensive income would have been affected as follows:

	Post Tax Profit/(Loss) ($)		Other Comprehensive Income ($)	
	Higher / (Lower)		Higher / (Lower)	
	2018	**2017**	**2018**	**2017**
Consolidated				
+1% (100 basis points)	(76,062)	(84,961)	-	-
- 1% (100 basis points)	(76,062)	84,961	-	-

The movements in post-tax profit / (loss) and other comprehensive income are due to a larger net exposure as at 30 June 2018. The sensitivity is lower in 2018 than in 2017 as a result of this decreased net exposure.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

It is the Group's policy that all customers who wish to trade on credit terms are assessed as to creditworthiness, including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for individual customers. Insurance policies are in place to cover insured receivables and losses occurring due to insolvency or protracted default of insured debtors.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Foreign currency risk

The Group's transactions are carried out mainly in AUD and USD. The Group enters into forward exchange contracts to buy specified amounts of foreign currencies in the future at stipulated rates. The objective in entering into the foreign exchange contracts is to protect the economic entity against unfavourable exchange rate movements for the purchases undertaken in foreign currencies.

The Group's risk management policy is to hedge between 25% and 50% of anticipated cash flows (purchase of inventory) in US Dollars for the subsequent 12 months. At 30 June 2018, 50% of US Dollar projected FY18 inventory purchases were hedged.

The Group's exposure to foreign currency risk at the end of reporting period, expressed in Australian dollars, was as follows:

	2018 $	2017 $
Forward/Option exchange contracts		
Buy US dollars	1,861,470	7,862,070
	1,861,470	**7,862,070**

The carry amount of the Group's foreign currency denominated financial assets and financial liabilities at reporting date, expressed in Australian dollars, were as follows:

	2018 $	2017 $
Financial assets		
Cash - US dollars	54	26,177
Financial liabilities		
Loans - US dollars	(62,500)	(891,003)
Net exposure	**(62,446)**	**(864,826)**

At 30 June 2018, had the Australian dollar moved, with all other variables held constant, pre-tax profit / (loss) would have been affected as follows:

	Pre Tax Profit/(Loss) ($) Higher / (Lower)	
	2018	**2017**
Consolidated		
+5% (500 basis points)	36,720	41,182
- 5% (500 basis points)	(36,720)	(45,517)

The percentage change is the expected overall volatility of the significant currency, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange gain for the year ended 30 June 2018 was $41,316 (2017: foreign exchange loss $25,165).

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of private equity facility and equity raisings.

At 30 June 2018, 70.4% of the Group's financial liabilities will mature in less than one year (2017: 70.1%).

The table below reflects all contractually fixed payables and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. The respective undiscounted cash flows for the respective upcoming fiscal periods are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2018.

The remaining contractual maturities of the Group's financial assets and liabilities are:

Year ended 30 June 2018 ($)	**< 1 year**	**1-2 years**	**2-5 years**	**> 5 years**	**Total**
Financial assets					
Cash and cash equivalents	1,783,506	-	-	-	1,783,506
Trade and other receivables	4,719,693	-	-	-	4,719,693
	6,503,199	**-**	**-**	**-**	**6,503,199**
Financial liabilities					
Trade and other payables	7,906,974	-	-	-	7,906,974
Loan and interest payable	4,097,840	69,813	-	-	4,167,653
Directors' loans*	-	4,088,686	-	-	4,088,686
	12,004,814	**4,158,499**	**-**	**-**	**16,163,313**
Net maturity	**(5,501,615)**	**4,158,499**	**-**	**-**	**(9,660,114)**

**The repayments of directors' loans have been irrevocably deferred for a period through to 30 June 2019*

Year ended 30 June 2017 ($)	**< 1 year**	**1-2 years**	**2-5 years**	**> 5 years**	**Total**
Financial assets					
Cash and cash equivalents	2,219,264	-	-	-	2,219,264
Trade and other receivables	5,979,589	-	-	-	5,979,589
	8,198,853	**-**	**-**	**-**	**8,198,853**
Financial liabilities					
Trade and other payables	8,923,541	-	-	-	8,923,541
Loan and interest payable	4,355,881	113,117	-	-	4,468,998
Directors' loans	-	-	4,138,305	-	4,138,305
	13,279,422	**113,117**	**4,138,305**	**-**	**17,530,844**
Net maturity	**(5,080,569)**	**(113,117)**	**(4,138,305)**	**-**	**(9,331,991)**

Maturity analysis of financial assets and liabilities based on management's expectation

Management's expectation reflects a balanced view of cash inflows and outflows. The Group's assets mainly consist of cash and trade receivables with the liabilities consisting of trade payables from the ongoing operations of the business. To monitor existing financial assets and liabilities as well as to enable an effective controlling of funding for the business, the Group has established risk that reflects expectations of management in terms of expected settlement of financial assets and liabilities.

All financial assets and most liabilities are payable within 12 months of reporting date. Accordingly, the book value of each liability is equivalent to its fair value.

The liabilities due after 12 months are loans with fixed interest rate. The carrying values of these loans are equivalent to their fair value.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of goodwill and intangible assets

The fair value of assets acquired is initially estimated by the Group taking into consideration all available information at the acquisition date. The carrying value of goodwill and intangible assets has been impaired due to the significant losses that arose on the previous acquisition. To determine the value in use of the tested CGUs, cash flow forecasts with an appropriate discount rate have been prepared.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Useful lives of depreciable assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets with finite lives. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where technical obsolescence or non-strategic assets that have been abandoned or sold will be written off or written down.

5. PARENT ENTITY INFORMATION

Information relating to Harris Technology Group Ltd – Parent ($)	**2018**	**2017**
Current assets	7,272	76,534
Non-Current Asset	1,670,706	9,760,016
Total assets	1,677,978	9,836,550
Current liabilities	(150,567)	(332,250)
Non-Current Liabilities	(3,509,922)	(1,307,500)
Total liabilities	(3,660,489)	(1,639,750)
Issued capital	8,839,744	8,693,445
Accumulated losses	(10,822,256)	(496,645)
Share based payments reserve	-	-
Total shareholders’ equity	(1,982,512)	8,196,800
Loss after tax of the parent entity	(10,325,611)	(496,645)
Total comprehensive (loss) of the parent entity	(10,325,611)	(496,645)

There are no guarantees entered into by the parent entity in relation to the debts of its subsidiary.

The parent entity has no contingent liabilities. The parent entity has no contractual commitments for the acquisition of property, plant or equipment.

6. REVENUE

($)	2018	2017
Revenue from operating activities		
Sale of goods	45,656,903	51,068,575
Total sales revenue	**45,656,903**	**51,068,575**

($)	2018	2017
Other income		
Bank interest received	1,149	2,157
Gain on Debt Forgiveness	115,620	-
Sale of non-current asset	(5,568)	8,114
Total other income	**111,201**	**10,271**

7. EXPENSES

($)	2018	2017
Bad and doubtful debts		
Bad debts	66,486	(32,250)
Doubtful bad debts	(14,145)	42,355
Total bad and doubtful debts	**52,341**	**10,105**
Depreciation		
Office and warehouse equipment	47,888	55,492
Improvement	29,321	26,775
Computer equipment	13,981	12,457
Motor vehicles	19,342	21,956
Total depreciation	**110,533**	**116,680**
Amortisation		
Software development	22,028	13,353
Total amortisation	**22,028**	**13,353**
Impairment expense		
Goodwill	-	824,482
Intangible assets	-	2,293,000
Total impairment expense	**-**	**3,117,482**

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

8. INCOME TAX

	2018 $	2017 $
Current tax	-	-
Deferred tax	-	-
Income tax (expense) / benefit	**-**	**-**
A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Group's applicable income tax rate is as follows:		
Loss before income tax expense from continuing operations	(2,062,064)	(2,846,881)
Loss before income tax expense from discontinued operations	-	(214,011)
	(2,062,064)	**(3,060,892)**
At the Group's statutory income tax rate of 30% (2017: 30%)	(618,619)	(918,268)
Tax effect amounts which are not deductible / (taxable) in calculating taxable income:		
Impairment expense	-	935,245
Others	-	(38,238)
Deferred tax assets not recognised	618,619	21,261
Income tax (expense) / benefit	**-**	**-**
Unused tax losses for which no deferred tax asset has been recognised	**3,742,361**	**3,123,742**

**The comparative amounts disclosed have been amended from the prior year's report to reflect comparative amounts for companies joining the tax consolidated group on 1 July 2016.*

Tax Loss Deferred Tax Asset recognition

Deferred tax assets will only be recognised if:

a) future assessable income is derived of a nature and amount sufficient to enable the benefit from the deductions to be realised;

b) the conditions for deductibility imposed by tax legislation are complied with; and

c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

Unused tax losses for which no deferred tax asset has been recognised comprise current year estimated tax losses only and are not yet confirmed.

Tax losses pre 2011 are not recognised because they are not expected to meet the continuity of ownership or same business tests.

Unrecognised temporary differences

At 30 June 2018 there are no temporary differences recognised in the consolidated financial position, on the basis of an assessment that recovery through future taxable income of those amounts is not probable at 30 June 2018 (2017: nil).

9. EARNINGS PER SHARE

Basic earnings/(loss) per share is calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings/(loss) per share is calculated by dividing the net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2018	**2017**
Basic and diluted (loss)/earnings per share (cents)		
Continuing operations	(1.46)	(2.2)
Discontinued operation	-	(0.17)
Basic and diluted (loss)/earnings per share from total comprehensive income	**(1.46)**	**(2.37)**
Total comprehensive (loss)/profit for the year ($)	(2,062,064)	(3,060,892)
Weighted average number of ordinary shares used in calculating basic earnings per share	140,811,756	129,537,531
Weighted average number of ordinary shares used in calculating diluted earnings per share	140,811,756	129,537,531

10. CASH AND CASH EQUIVALENTS

	2018 $	2017 $
Cash at bank and on hand	1,783,506	2,219,264
	1,783,506	**2,219,264**

Cash at bank earns interest at floating rates based on daily bank deposit rates as disclosed in note 3.

Reconciliation of net (loss) / profit after tax to net operating cash flows	**2018** **$**	**2017** **$**
Net loss after tax	(2,060,064)	(3,060,892)
Non-cash items		
Depreciation and amortisation	132,560	264,729
Finance costs	-	104,062
Gain on sale of non-current assets	-	(8,314)
Share based payment	146,299	9,863
Impairment expense	-	3,117,482
Changes in operating assets and liabilities		
(Increase) / decrease in trade and other receivables	1,143,067	1,068,667
(Increase) / decrease in prepayments and deposits	(51,098)	291,864
(Increase) / decrease in inventories	896,684	(872,524)
Increase / (decrease) in trade and other payables	(975,718)	(463,748)
Increase / (decrease) in employee benefit liabilities	(58,269)	(83,190)
Increase / (decrease) in onerous contract provision	-	(564,751)
Net cash flows provided by/(used in) operating activities	**(828,539)**	**(196,752)**

11. TRADE AND OTHER RECEIVABLES

($)	2018	2017
Trade receivables	4,675,551	6,034,135
Allowance for impairment loss	-	(64,878)
Other receivables	44,141	10,332
	4,719,693	**5,979,589**

Trade receivables are non-interest bearing.

Other receivables are non-interest bearing and have a repayment terms between 30 to 90 days.

For terms and conditions relating to related party receivables refer to note 26.

Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on payment terms between 30 to 90 days. The Group's trade and other receivables have been reviewed for non-impairment. At 30 June 2018, trade receivables of the Group with a nominal value of nil (2017: $64,878) were impaired.

The balance of trade and other receivables past due and not impaired asset is $539,565 (2017: $688,698).

Fair value and credit risk

Due to the short term nature of these receivables, their carrying value has been assessed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 3.

12. INVENTORIES

($)	2018	2017
Inventories	6,341,556	7,340,757
Provision for stock obsolescence	-	(102,517)
	6,341,556	**7,238,240**

13. PREPAYMENTS AND DEPOSITS

($)	2018	2017
Prepayments	133,688	82,590
Deposits	17,990	17,990
	151,678	**100,580**

14. PROPERTY, PLANT AND EQUIPMENT

	Office and warehouse equipment $	Improvement $	Computer $	Motor vehicles $	Total $
Gross carrying amount					
At 1 July 2017	380,042	532,700	506,556	267,966	1,687,264
Additions	-	-	6,000	-	6,000
Business assets acquired	-	-	-	-	-
At 30 June 2018	**380,042**	**532,700**	**512,556**	**267,966**	**1,693,264**
Depreciation and impairment					
At 1 July 2017	(175,705)	(84,145)	(480,781)	(101,723)	**(842,354)**
Depreciation charge for the year	(47,708)	(29,321)	(13,982)	(27,062)	**(118,073)**
At 30 June 2018	**(223,413)**	**(113,466)**	**(494,763)**	**(128,785)**	**(960,427)**
Net carrying amount					
At 30 June 2018	**156,630**	**419,234**	**17,793**	**139,181**	**732,838**
At 30 June 2017	204,337	448,555	25,775	166,243	844,910

15. TRADE AND OTHER PAYABLES

Trade and other payables - current ($)	2018	2017
Trade payables	7,279,230	8,370,707
Other payables	627,743	552,834
	7,906,974	**8,923,541**

Terms and conditions of the above financial liabilities:

(i) Trade payables are non-interest bearing and are normally settled on 30 days EOM terms.

(ii) Other creditors are non-interest bearing and are normally payable within 30 and 90 days

Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 3.

16. FINANCIAL LIABILITY

($)	2018	2017
At 1 July 2017		
Secured		
Trade finance facility	2,985,481	2,155,504
Equipment finance	-	162,976
Unsecured	-	
Loan and interest payable	1,062,500	2,150,518
Directors' loans (Note 20)	4,088,686	4,138,305
Fair value at 30 June 2018	**8,256,340**	**8,607,303**
Current	4,097,840	4,355,629
Non-current	4,158,500	4,251,422
Total	**8,256,340**	**8,607,303**

The payments of principal and interest on all directors' loans have been deferred for a period through to 30 June 2020.

Trade finance facility

A subsidiary of the group, Anyware Corporation Pty Ltd, has a trade finance facility agreement with Westpac to facilitate the purchase of goods from local or overseas suppliers. The facility has a limit of $4 million with drawdowns on the facility repayable within 180 days.

($)	2018	2017
Trade finance facility	4,000,000	4,000,000
Used at the reporting date	2,985,481	2,155,504
Unused at the reporting date	1,014,519	1,844,496

Covenants

The Westpac facility has the following covenants which are measured on a half yearly basis at June and December on the results of Anyware Corporation Pty Ltd.

(i) Interest Cover Ratio not less than 2.5 times; where Interest Cover Ratio is EBIT / Gross Interest Expense. As at 30 June 2018, this covenant was breached.

(ii) Capital Ratio not less than 25%; where Capital Ratio is [[Tangible Assets less Total Liabilities]/Total Tangible Assets] x 100.

As disclosed in Note 24, the Westpac trade finance facility has been terminated and the company will finalise the repayment of the facility in October 2018.

Security

The Westpac trade finance facility is secured against all assets and undertakings of Anyware Corporation Pty Ltd and personal assets of Managing Director Garrison Huang.
The hire purchase facility is secured against the asset being financed.

No other financing facilities or liabilities available for the Group as of the 30 June 2018.

17. EMPLOYEE BENEFIT LIABILITIES

($)	2018	2017
Current		
Annual leave	258,226	291,541
Long service leave	207,194	171,247
Non-current		
Long service leave	20,447	40,498

18. CONTRIBUTED EQUITY

Issued and paid up capital

($)	2018	2017
Ordinary shares		
Ordinary shares fully paid	7,595,915	6,706,411
Listed options	-	-
Contributed equity	**7,595,915**	**6,706,411**

Movements in ordinary shares on issue	Number of Shares	$
Opening balance	138,476,998	6,706,411
Shares issued during the year:		
Share issued under LTIP		84,000
Directors' fee – share based payment	678,012	62,299
Issue of ordinary shares upon conversion of an outstanding loan amount of $742,204.31 owing by HT8 to Blooming Star Consultants Limited	14,844,086	742,204
Closing balance	**153,999,096**	**7,594,914**

Terms and conditions of ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise the shareholder's value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

19. ACCUMULATED LOSSES

($)	2018	2017
Balance at beginning of financial year	(8,335,930)	(5,275,038)
Dividend paid	-	-
Net profit/(loss) for the year	(2,062,064)	(3,060,892)
Balance at end of financial year	**(10,514,822)**	**(8,335,930)**

20. DIRECTORS' LOANS

During the FY16 and FY17, the group has executed number of borrowing from directors to fund the three merge and acquisitions and provide a source of working capital. The loan balances as of 30 June 2018 are set out as below.

($)		2018	2017
Name of director	**Entity/Shareholder**		
Garrison Huang	Australian PC Accessories Pty Ltd <GHW A/C>	3,968,686	4,018,305
Bob Xu	AZA International (Aust) Pty Ltd <North City Family A/C>	120,000	120,000
		4,088,686	**4,138,305**

21. COMMITMENTS

The Group leases various offices under non-cancellable operating leases expiring within one to four years. The leases have various terms, escalation clauses and renewal rights. On renewal the terms of the leases are renegotiated.

The Group entered into a sublease contract on 30 January 2018 in respect of the premise at Alphington, VIC.

Operating lease commitments ($)	**2018**	**2017**
Operating leases contracted		
Within one year	556,770	789,803
After one year but not more than five years	685,883	1,313,315
More than five years	-	-
	1,242,653	**2,103,118**

22. ONEROUS CONTRACT PROVISION

AASB 137 para 66 - 69 defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Onerous contract provision ($)	**2018**	**2017**
Within one year	-	45,623
After one year but not more than five years	-	-
More than five years	-	-
	-	45,623

23. CONTINGENT ASSETS AND LIABILITIES

The Company had no contingent assets and no contingent liabilities as at 30 June 2018 (2017: nil).

24. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The consolidated entity had the following events after balance date for disclosures:

On 11 July 2018, the trade finance facility with Westpac was terminated. The company will finalise the repayment of the facility in October 2018 utilising the proceeds from the sale of the assets and liabilities of the Anyware business.

On 31 August 2018, the company announced that it signed a Business Asset Purchase Agreement to sell Anyware to Leader Computers. The following are highlights of the deal:

- The purchaser will acquire majority of the inventory held by Anyware estimated to be $4 million to $4.5 million, along with the following estimated values; account receivables of $3.5 million; account payables of $4.9 million; and a goodwill value of $250,000.
- The purchaser will take over most of the employees from Anyware including their employee provisions estimated to be $136,000.
- The purchaser will acquire Anyware and related intellectual property.
- The purchaser will take over the Anyware lease in NSW.

Apart from the matters detailed above, no other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

25. AUDITOR'S REMUNERATION

($)	2018	2017
Amounts received or due and receivable by RSM Australia Partners		
An audit or review of the financial report of the entity and any other entity in the consolidated entity paid to RSM Australia Partners	55,000	48,000
	55,000	**48,000**

26. RELATED PARTY DISCLOSURE

(a) Subsidiary

The consolidated financial statements include the financial statements of Harris Technology Group Limited and the subsidiaries listed in the following table:

Name of entity	Country of Incorporation	% of Equity interest 2018	% of Equity interest 2017
Anyware Corporation Pty Ltd	Australia	100	100
Harris Technology Pty Ltd	Australia	100	100
AER Group Pty Ltd	Australia	100	100
Audion Innovision Pty Ltd	Australia	100	100

**The subsidiary entity has been deregistered on 16 December 2015*

(b) Ultimate parent

The consolidated financial statements include the financial statements of Harris Technology Group Limited and its controlled entities. Harris Technology Group Limited is the ultimate parent company.

(c) Inter-group transactions

Loans

The inter-group entities have provided or received intercompany loans within the group for working capitals. The intercompany loans are repayable to the inter-group entities at call and no interest is payable. At 30 June 2018, those loans have been eliminated in the balance sheet.

(d) Other related party transactions

During the financial year ended 30 June 2018, there were a total of $4,088,686 Directors' loans reported by the Group, refer to note 20 (2017: $4,138,305).

All Transactions were made on normal commercial terms and conditions and at market rates unless otherwise stated.

Refer to **7d.** Of Remuneration Report for more details relating to other related party transactions.

27. KEY MANAGEMENT PERSONNEL

The total remuneration paid to KMP of the company and the Group during the year are as follows:

($)	2018	2017
Short-term employee benefits	228,387	249,451
Post-employment benefits	9,296	14,866
Share based payments	-	79,863
	237,684	**344,180**

Short-term employee benefits
These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits
These amounts are superannuation contributions made during the year.

Share-based payments
These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Directors' Report.

28. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Markers (CODM)) in assessing the performance of the Group, and determining investment requirements. The operating segments are based on the manner in which services are provided to the market.

The Group consists of one business segment which operates in one geographical area, being Australia.

Directors' Declaration

(For the Financial Year Ended 30 June 2018)

In accordance with a resolution of the directors of Harris Technology Group Limited and its controlled entities, I state that:

1. In the opinion of the directors:

   (a) the financial statements and notes of Harris Technology Group Limited and its controlled entities for the financial year ended 30 June 2018 are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

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

   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(b); and

   (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

On behalf of the Board

Andrew Plympton
Non-Executive Chairman

Melbourne, 27 September 2018

RSM Australia Partners

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PO Box 248 Collins Street West VIC 8007

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INDEPENDENT AUDITOR'S REPORT
To the Members of Harris Technology Group Limited

Opinion

We have audited the financial report of Harris Technology Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial report, which indicates that the Group incurred a net loss of $2,062,064 and had net cash outflows from operating activities of $828,539 during the year ended 30 June 2018 and, as of that date, the Group had net liabilities of $2,919,908. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 1(f) in the financial statements	
The Group earns revenue through online retailing. Revenue was considered a key audit matter because it is the most significant account balance in the consolidated statement of comprehensive income. Revenue from the sale of goods is recognised when the risks and rewards of ownership have been transferred to the customer, which generally occurs at the point of delivery. However, complexity arises due to direct drop shipping arrangements where the inventory is shipped to the customer directly from the supplier and these arrangements were assessed to have an increased risk associated with cut-off.	Our audit procedures in relation to the cut-off of revenue included: • Assessing whether the Group's revenue recognition policies were in compliance with Australian Accounting Standards; • Evaluating and testing the operating effectiveness of management's controls related to revenue recognition; and • Assessing sales transactions before and after year-end to ensure that revenue is recognised in the correct period.
Stock Obsolescence Refer to Note 12 in the financial statements	
The consolidated entity's inventory balance, as disclosed in Note 12, consists primarily of finished goods of various technology products and solutions. Inventory is valued at the lower of cost or net realisable value. The assessment of the net realisable value of inventory requires a significant degree of management judgment. It includes assumptions concerning the provision for obsolescence, as well as future market conditions based on changing customer needs and market trends. On the basis of the factors set out above, the valuation of inventory was considered to be a key audit matter.	Our audit procedures in relation to the existence and valuation of inventory included: • Evaluating management assumptions and estimates applied to the provision for obsolescence through analysis of historical sales levels by inventory product from the date the product was purchased in conjunction with assessing the quantity of products; • Assessing the company's application of its policy for determining the provision for obsolescence; • Performing analytical procedures in respect of inventory holdings and inventory turnover; and • Testing the sales prices of inventory to ensure inventory is not being sold at less than cost.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Harris Technology Group Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 27 September 2018
Melbourne, Victoria

Additional Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 5 September 2018 (**Reporting Date**).

Corporate Governance Statement

The Company's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Third Edition) (Recommendations) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (Corporate Governance Statement).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on Harris Technology Group Limited's website (www.ht8.com.au/investor-relations/corporate-governance), and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will particularise each Recommendation that needs to be reported against by Harris Technology Group Limited, and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on Harris Technology Group Limited's website (www.ht8.com.au/investor-relations/corporate-governance).

Substantial holders

As at the Reporting Date, the names of the substantial holders of Harris Technology and the number of equity securities in which those substantial holders and their associates have a relevant interest, as disclosed in substantial holding notices given to Harris Technology, are as follows:

Holder of Equity Securities	Class of Equity Securities	Number of Equity Securities held	% of total, issued securities capital in relevant class
Australian PC Accessories Pty Ltd	Ordinary Shares	80,110,489	52.02%
Blooming Star Consultants Limited	Ordinary Shares	14,844,086	9.64%
AZA International (Aust) Pty Ltd	Ordinary Shares	8,638,903	5.61%
Welland Industrial Co Ltd	Ordinary Shares	8,216,242	5.34%

Number of holders

As at the Reporting Date, the number of holders in each class of equity securities:

Class of Equity Securities	Number of holders
Fully Paid Ordinary Shares	2,107
eStore vendor shares held in voluntary escrow until further notice	2
Performance rights vesting on 5 July 2020	13
Performance Rights vesting on 12 September 2020	1

Voting rights of equity securities

The only class of equity securities on issue in the Company which carries voting rights is ordinary shares.

As at the Reporting Date, there were 2109 holders of a total of 153,999,096 ordinary shares of the Company.

At a general meeting of Harris Technology, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each ordinary share held. On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held and in respect of each partly paid share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amounts paid and payable (excluding amounts credited) on that share. Amounts paid in advance of a call are ignored when calculating the proportion.

Distribution of holders of equity securities

The distribution of holders of equity securities on issue in the Company as at the Reporting Date is as follows:

Distribution of ordinary shareholders

Holdings Ranges	Holders	Total Units	%
1 – 1,000	1,495	169,893	0.11
1,001 – 5,000	310	771,535	0.50
5,001 – 10,000	100	762,180	0.50
10,001 – 100,000	152	5,414,800	3.54
100,001 – 9,999,999,999	50	145,960,224	95.35
Totals	**2,107**	**153,078,632**	**100.00**

Distribution of performance rights holders

Holdings Ranges	Holders of performance rights vesting 5 July 2020	Holders of performance rights vesting 5 July 2020	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-

5,001 – 10,000	-	-	-
10,001 – 100,000	13	1	-
100,001 – 9,999,999,999	-	-	-
Totals	**13**	**1**	**-**

Distribution of escrowed shares

Holdings Ranges	Holders	Total Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 – 9,999,999,999	2	920,464	100
Totals	**2**	**920,464**	**100**

Less than marketable parcels of ordinary shares (UMP Shares)

The number of holders of less than a marketable parcel of ordinary shares based on the closing market price at the Reporting Date is as follows:

Total Securities	UMP Shares	UMP Holders	% of issued shares held by UMP holders
153,078,632	2,493,830	1,959	1.62

Voluntary escrow

Class of restricted securities	Type of restriction	Number of securities	End date of escrow period
Ordinary Shares	Voluntary escrow	920,464	Until further notice

Unquoted equity securities

The number of each class of unquoted equity securities on issue, and the number of their holders are as follows:-

Class of restricted securities	Number of unquoted Equity Securities	Number of Holders
Performance Rights	880,000	14

There are no person who hold 20% or more of equity securities in each unquoted class other than under an employee incentive scheme.

On-market buyback

The Company is not currently conducting an on-market buy-back.

On-market purchase of securities under employee incentive scheme

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme; or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

Twenty largest shareholders

The Company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, and the number of ordinary shares and percentage of capital held by each holder is as follows:

Holder Name	Balance as at Reporting Date	%
AUSTRALIAN PC ACCESSORIES PTY LTD <GWH A/C>	80,110,489	52.020%
BLOOMING STAR CONSULTANTS LIMITED	14,844,086	9.639%
AZA INTERNATIONAL (AUST) PTY LTD <NORTH CITY FAMILY A/C>	8,638,903	5.610%
WELLAND INDUSTRIAL CO LTD	8,216,242	5.335%
CHA SHIN CHI INVESTMENT CO LTD	5,488,969	3.564%
PING SHEN	4,545,455	2.952%
MISS PING YU	4,136,097	2.686%
TIGER DOMAINS PTY LTD <TIGER DOMAINS UNIT A/C>	1,780,467	1.156%
MR GUO QIANG XIA	1,560,602	1.013%
MISS XIAOFEI XU	1,536,304	0.998%
DOMINET DIGITAL CORPORATION PTY LTD <THE CAROSA FAMILY A/C>	1,406,836	0.914%
MR SIJIN CHEN	1,228,524	0.798%
MS ZHEN MA	828,000	0.538%
MRS ISABEL COPPA <COPPA FAMILY A/C>	800,703	0.520%
ASB NOMINEES LIMITED <291495 – ML A/C>	800,000	0.519%
ATLANTIS MG PTY LTD <MG FAMILY SUPER FUND A/C>	747,638	0.485%
DIAMOND BOWL PTY LTD <THE DIAMOND BOWL S/F A/C>	694,008	0.451%
MP3 AUSTRALIA PTY LTD <THE MP3 UNIT A/C>	674,667	0.438%
H & J INVESTMENT PTY LTD <H & J SUPER FUND A/C>	621,062	0.403%
MR DAVID CORREIA	600,000	0.390%
Total number of shares of Top 20 Holders	**139,259,052**	**90.428%**
Total Remaining Holders Balance	**153,999,096**	**9.572%**

Item 7 issues of securities

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.

Company Secretary

The Company's secretary is Ms Alyn Tai.

Registered Office

The address and telephone number of the Company's registered office are:

136-140 South Park Drive
Dandenong South, Victoria 3175

Tel: 1300 13 99 99

Share Registry

The address and telephone number of the Company's share registry, Boardroom Pty Limited, are:

Boardroom Pty Limited
Level 12, 225 George Street
Sydney New South Wales 2000

Tel: 1300 737 760

Stock Exchange Listing

Harris Technology's ordinary shares are quoted on the Australian Securities Exchange (ASX issuer code: HT8).

ANYWARE
Licensing
Notebook
DELTA
VIRTUAL
REALITY
eset
Huntkey
Speakers
BOOGIEBOARD
M2C
DISTRIBUTION
INFORMATION
Networking
LINKBASIC
ECOMMERCE
MOBILE
Display
Storage
EDIMAX
AEROCOOL
DXRACER
AUGMENTED
WOWBABY
DROBO
Printer
AZIO
PROMISE
rapoo
ADESSO
Tablet