harristechnology
GROUP LTD.

ANNUAL REPORT
YEAR ENDED 30 JUNE 2017
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.

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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 2017 ("**FY17**"). The results reflect the Group's continuing capital investment in building a scalable operating platform, and expenditure associated with developing associated capabilities.

During FY17 the Group incurred a loss from continuing operations of $2,846,881 from revenues of $51,068,575 (FY16: $54,050,721), and had net cash outflows from operating activities of $196,752 (FY16: net cash inflows $1,379,493). These results include a non-cash impairment expense of $3,117,482. Excluding this non-cash impairment expense, the Group demonstrated a trend towards profitability during the full year by recording a net profit of $270,601 and positive EBITDA of $781,892 from continuing operations.

During FY17 on 19 July 2016, the Company completed its acquisition of 100% of the shares in Anyware Corporation Pty Ltd, a distributor of business technology equipment and owner of the Harris Technology online retail business ("**Acquisition**").

During FY17, the Group executed a number of post-Acquisition optimisation and consolidation initiatives, including rationalising warehouse and office locations, improving and developing IT systems, undertaking full brand and product category reviews of previous underperforming businesses and discontinuing old product ranges. In particular, the Company successfully took steps to reduce its operating expenditure through the termination and sub-leasing of warehouse and office leases, which related to its pre-Acquisition operations at Castle Hill (NSW) and Alphington (VIC).

During FY17, the Group also undertook a comprehensive review of its strategy and operations, to ensure that the Company remains well positioned to adapt to the challenges of changing market conditions through innovation and expansion. A number of initiatives were identified by the Board following the review, which are detailed below.

As part of its implementation of these initiatives, on 11 November 2016 the Company acquired 100% of the issued capital of Audion Innovision Pty Ltd, an Australian distributor of audio, video and multimedia accessories to conventional channel distributors, dealers and major retail chain stores nationwide.

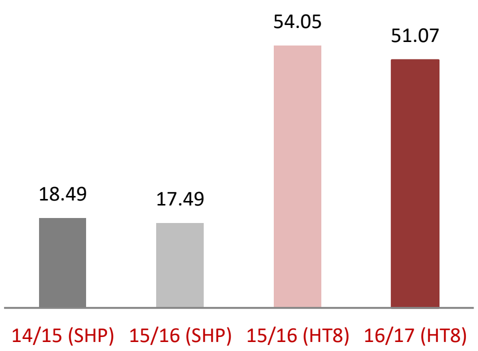
Following the strategic review, the Company also determined that its 'Your Home Depot' (**"YHD"**) business, an online retailer of kitchen appliances and homeware products which formed part of the Company's pre-Acquisition group of businesses, was outside the core of the Harris Technology business offering. Accordingly, the Company divested the YHD business in May 2017.

The Group's reported results for FY17 includes Anyware and Harris Technology Pty Ltd, together with the results of Harris Technology Group Limited (formerly Shoply Limited) from the acquisition date of 19 July 2016. It should be noted that the results of the previous corresponding period for FY16 ('**pcp**') set out in this financial report represents only the financial results of Anyware and Harris Technology Pty Ltd when run as a private group. For clarity, the pcp does not include any results from Harris Technology Group Limited (formerly Shoply Limited).

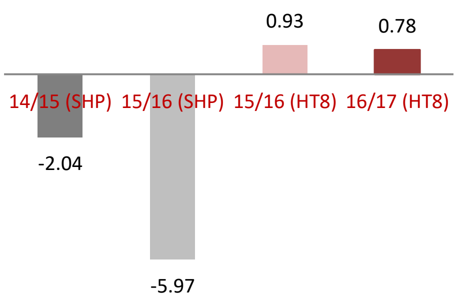
Financials

- Revenues of $51.07m down 5.52% on FY16 (FY16: $54.05m)
- Loss $3.06 m (FY16: $2.73m). Loss reflective of:
  - Continuous investment in infrastructure upgrades and developments
  - Impairment of goodwill and intangible assets associated with the merger and acquisition
  - Termination costs associated with discontinued YHD business
  - Downturn in sales and lower trading margin influenced by bus-tech sector

Revenue ($m)



EBITDA ($m)



Operations

During FY17, the Group undertook a comprehensive review of its strategy and operations to ensure that the Company remains well positioned to adapt to the challenges of changing market conditions through innovation and expansion. As part of this review, the Board determined to:

- Minimise full year revenue rate drop-off in an increasingly difficult market, despite a disappointing Christmas that affected the entire industry;
- Focus its resources on the core offering of distribution and online retailing of business technology equipment, including by divesting non-core assets and rationalising and consolidating existing core businesses to maximise operational efficiencies;
- Execute its expansion strategy through organic growth and exploring suitable acquisitions to complement its core business offering;
- Develop innovative and efficient supply chain strategies, including a Manufacturer-To-Consumer (**M2C**) business model that will deliver cost and consumer benefits from cross border direct shipments, whilst having the benefit of a local consumer facing presence;
- Extend the Company's range of suppliers and brands to increase market share; and
- Further grow positive relationships with key suppliers in each market vertical.

The business strategy and operating model has undergone a thoroughly positive overhaul aligning to meet and exceed shareholders' progressive expectations. The objective is to achieve sustainable growth in earnings and maintain high returns. This will be achieved through creating a differentiated offering for customers, growth in emerging markets and capitalising upon value-creating acquisition.

The Board remains confident that all the building blocks are now in place for sustained growth and continued improvement in shareholder returns.

Harris Technology Group continues to provide quality brands through online shopping platforms and large scale distribution at great prices. We continue to expand our categories and offerings to our customers. We look forward to continuing the growth trajectory and further proving the results of our organic and acquisitive online retail strategy.

Thank you for your ongoing support and we look forward to meeting with those of you who are able to attend our upcoming Annual General Meeting.

Andrew Plympton
Non-Executive Chairman
Melbourne, 27 September, 2017

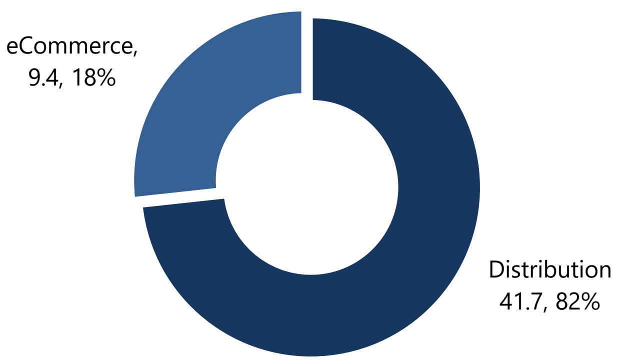
Garrison Huang
Managing Director
Melbourne, 27 September, 2017

FY17 Summary

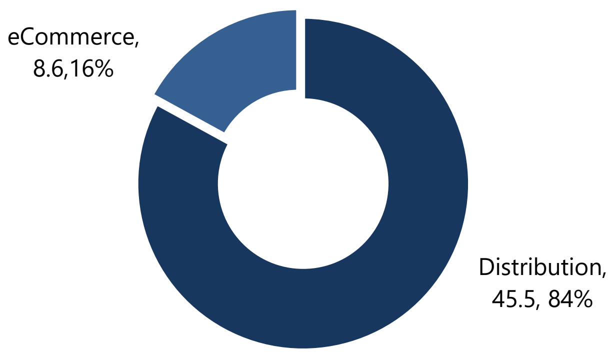
Full year profit and loss summary

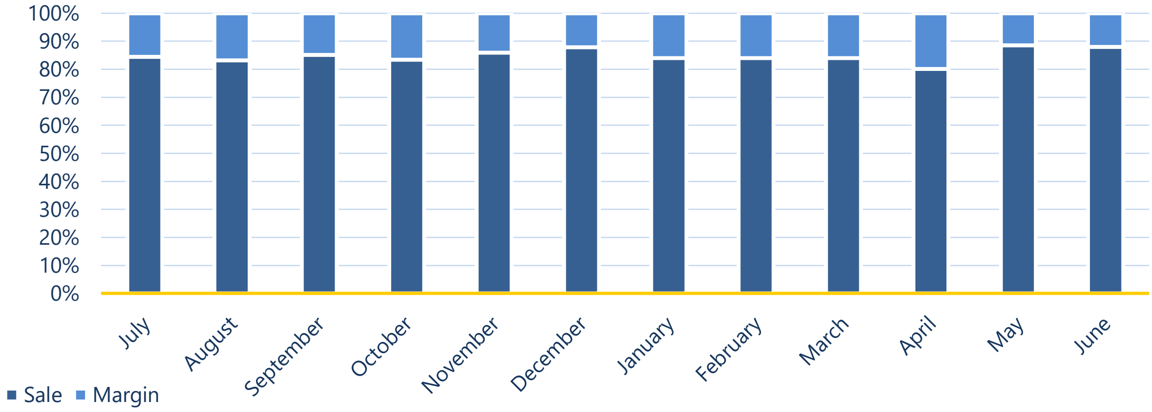
	FY17 ($m)	FY16 ($m)	Change ($m)
Revenue from continuing operations			
Sales revenue	51.07	54.05	(2.98)
Other revenue	0.01	0.03	(0.02)
Total revenue	51.08	54.08	(3.00)
Total comprehensive (loss)/profit	(3.06)	(2.73)	(0.33)

Sales revenue FY17($m)



Sales revenue FY16($m)

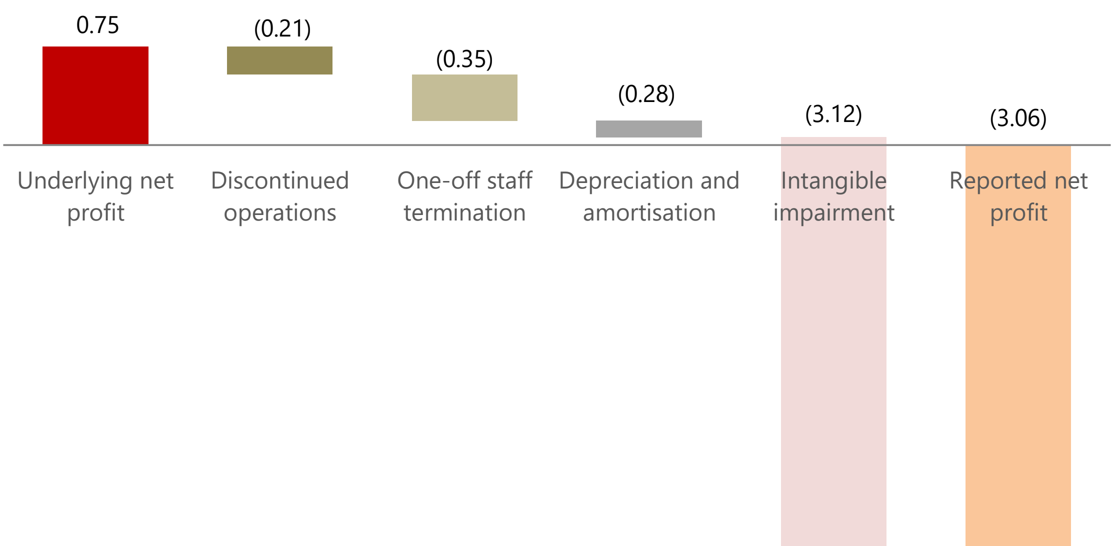




Full year profit and loss summary - underlying

	FY17 ($m)	FY16 ($m)	Change ($m)
Non-statutory financial results include:			
Gross profit	9.07	8.84	0.23
Loss before income tax	(2.85)	(2.31)	(0.54)
Total comprehensive (loss) / profit	(3.06)	(2.73)	(0.33)
Operating costs			
Direct costs	(41.99)	(45.21)	3.22
Other costs and expenses	(12.13)	(11.57)	(0.56)

Underlying net profit ($m)



Balance Sheet

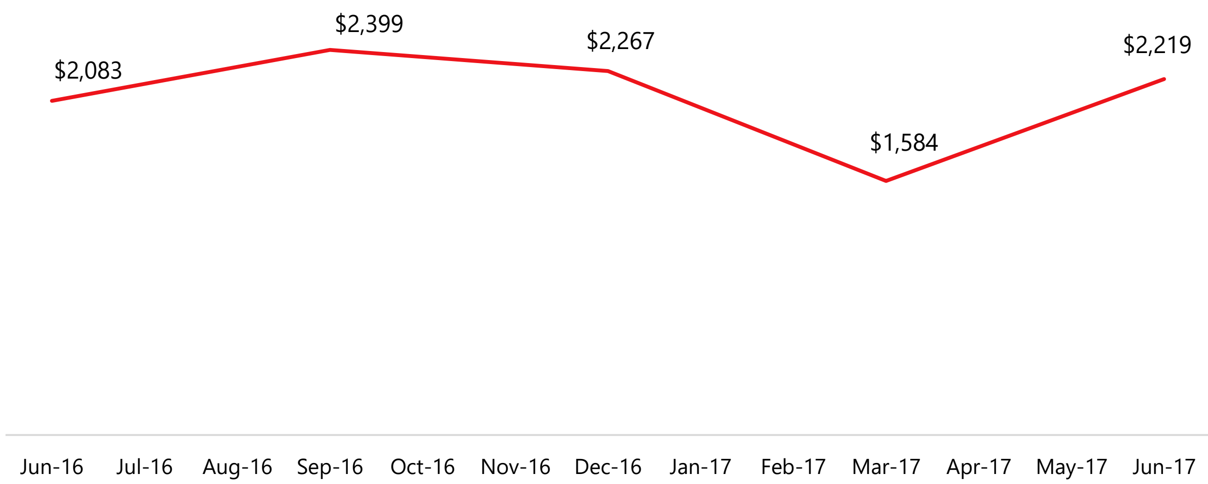
	30 Jun 17 ($m)	30 Jun 16 ($m)
Cash and cash equivalents	2.22	2.08
Inventories	7.24	5.68
Property, plant and equipment	0.84	0.78
Intangible assets	0.02	-
Net assets	(1.63)	(0.31)

Cash position

Cash and cash equivalents of $2,219,264 at 30 June 2017

Based on the cash position at end of FY17 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 FY18.

Cash and cash equivalents for June 2016 to June 2017 (000's)



FY18 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 will continue to progress its M2C modelled joint venture in Hong Kong. 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 websites. This venture will have a strong Australian presence and an Australian based customer support and warranty team.

The Group's subsidiary Anyware Corporation is already operating as a successful distribution company that sources some products in China and further internationally. Anyware's pre-existing modern infrastructure relating to importing, logistics, IT, marketing and finance is very complementary to the M2C model and will be the initial foundation allowing the Group to efficiently and effectively operate the venture. There will not be need for significant restructuring and capital investment.

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, China will also be available to be fully utilized, significantly reducing Group operating costs.

This model and its depth of product sourcing available will allow the Group to exponentially expand the market verticals it had presence in. The growing product range will present an exhaustive and diverse catalogue from both existing and new partners. There is no plan for the market verticals the M2C venture targets to overlap those in which Anyware Corporation operates in; it is instead intended for the venture to expand the Group's reach into new verticals.

The Group's objective is to be a leader in the local growing M2C landscape, and to achieve sustainable revenue growth through the further development of this scalable business model. Revenue generation from this joint venture is expected to commence in late FY18.

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

Level 1, 61 Spring Street
Melbourne Victoria 3000

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 737 760

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 2017 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, 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.

Mark Goulopoulos, Former Non-Executive Director

Mr Goulopoulos was appointed to the Board on 1 November 2012 as a Non-Executive Director. Mr Goulopoulos resigned from the board on 13 September 2017.

Experience and expertise	Mr Goulopoulos, BCom (Acc&Fin), GDAFI, is an Associate Director of Wealth Management at Patersons Securities and has over 15 years' experience as an investment adviser. He has broad based knowledge which applies across many areas of financial markets and specialises in strategic investment advice for high net worth clients, international hedge funds and family offices. Mr Goulopoulos has particular expertise with small capitalisation stocks and this has been a catalyst in him originating, arranging and distributing transactions in Equity Capital Markets. In addition to his experience in capital markets Mr Goulopoulos has also co-founded companies in the digital arena focused on e-commerce and mobile applications.
Other directorships held by Director in the last 3 years	During the last three years, Mr Goulopoulos 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 his resignation	Mr Goulopoulos has a relevant interest in 1,416,443 fully paid ordinary shares in Harris Technology Group which are held by various entities which Mr Goulopoulos controls.

Domenic Carosa, Former Non-Executive Director

Mr Carosa was appointed to the Board on 18 June 2013 as a Non-Executive Director. Mr Carosa retired from the board on 19 July 2016.

Experience and expertise	Mr Carosa holds a Masters of Entrepreneurship & Innovation from Swinburne University and has over 20 years of experience in business and technology. He is co-founder and Chairman of Future Capital Development Fund Pty Ltd (a registered Pooled Development Fund). Future Capital has successfully raised in excess of $8M in patient equity capital in recent years, invested in 14 early stage investees. He is also Chairman of Dominet Digital Corporation Pty Ltd, an internet investment group. Mr Carosa was previously the co-founder and Group CEO of ASX-listed Destra Corporation which was the largest independent media and entertainment company in Australia.
Other directorships held by Director in the last 3 years	Mr Carosa is the Executive Director/CEO of ASX listed global mobile entertainment company Crowd Mobile Limited (ASX: CM8), having been appointed to this role on 13 January 2015. Mr Carosa was also a Non-Executive Director of ASX listed company Collaborate Corporation Limited (ASX: CL8) from 8 August 2014 to 18 May 2016.
Special responsibilities	None.
Relevant interest in Harris Technology Group securities as at the date of his resignation	Mr Carosa had a relevant interest in 4,328,431 fully paid ordinary shares in Harris Technology Group as at the date of his resignation which are held by various entities which Mr Carosa is associated with or controls.

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	10	10
Mr Garrison Huang	10	10
Mr Bob Xu	10	9
Mr Howard Chen*	9	8
Mr Mark Goulopoulos	10	9
Mr Domenic Carosa**	2	2***
Mr Holger Arians***	2	2

**Howard Chen was appointed as a Director on 19 July 2016*
***Domenic Carosa resigned as a Director on 19 July 2016*
****Alternate for Domenic Carosa attended in his stead on 1 July 2016 and 19 July 2016*

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]	1,502,769	nil
Mr Mark Goulopoulos [5]	1,416,443	nil
Mr Domenic Carosa [6]	3,921,306	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.*
6. *The shares are held by Tiger Domains Pty Ltd ATF Tiger Domains Unit Trust, MP3 Australia Pty Ltd ATF MP3 Australia Unit Trust A/C in each of which Mr Carosa is both a 50% shareholder and unit holder and Dominet Digital Corporation Pty Ltd ATF The Carosa Family A/C in which Mr Carosa is a beneficiary.*

Earnings Per Share

Earnings Per Share	**Cents**
Basic and diluted earnings per share	(2.37)

Dividends Paid, Recommended and Declared

No dividends were paid, declared or recommended since the start of the financial year ended 30 June 2017 (2016: 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 2017. The Company's subsidiary entities are set out in note 30 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 76 employees, inclusive of casual and part-time staff as at 30 June 2017 (2016: 68). The Group does not have consulting agreements with any contractors as at 30 June 2017 (2016: 3 contractors).

Group Performance over the five-year period

	2017	**2016**	**2015**	**2014**	**2013**
Basic earnings / (loss) per share (cents)	(2.37)	(1.08)	(0.47)	(0.54)	0.02

The basic earnings / (loss) per share for 2016 and prior years relate to the performance of the previous listed entities, namely Shoply Limited and AdEffective Limited.

Financial position

The Group had net liabilities of $1,629,519 as at 30 June 2017 (2016: $311,961 net liabilities).

The Group had trade and other receivables of $5,979,589 as at 30 June 2017 (2016: $5,622,169).

The Group had trade and other payables of $8,923,541 as at 30 June 2017 (2016: $8,257,440).

Cash flows

The Group generated net operating cash outflows of $196,752 during the year ended 30 June 2017 (2016: net cash inflows $1,379,493). Net investing cash outflows were $899,772 in the year ended 30 June 2017 (2016: $148,759).

Net financing cash inflows were $1,232,317 in the year ended 30 June 2017 (2016: net financing cash inflows of $128,977).

There was a cash balance at 30 June 2017 of $2,219,264 (2016: $2,083,471).

Likely developments and future prospects

The Company is in the process of establishing a joint venture in Hong Kong to facilitate and strengthen its M2C strategy with partners in Shenzhen, China. The M2C model focuses on timely drop shipping to consumers straight from Chinese manufacturers, while providing consumers with a local presence and local customer service facilities. The M2C strategy will initially deal in mobile phone accessories. The M2C entity will not simultaneously sell in market segments that Anyware Corporation distributes in.

Key business risks

The Group's operations are subject to a number of risks. The Audit and Risk Management Committee and Board regularly review the possible impact of these risks and seek to minimise this impact through a commitment to its corporate governance principles and its various risk management functions. A number of specific risk factors that may impact the future performance of the Group are described below. Shareholders should note that this list is not exhaustive, and only include risks that could affect the Group's financial prospects, taking into account the nature and business of the Group and its business strategy.

(a) Risks related to the Group's e-commerce activities

- E-commerce risks – There are a number of inherent risks associated with operating in the e-commerce sector, including but not limited to security breaches (particularly in relation to credit card security), fraud exposure, customer disputes and chargebacks. For instance, security risks arising from intrusions from viruses and hackers could disrupt the Group's business operations and may lead to loss in customer confidence and sales revenue.

(b) General risks

- Reliance on technology – The successful operation of the Group's business is dependent on various technologies including the internet and co-located dedicated servers. Any significant disruption to these systems could have a materially detrimental effect on the Group's business. Further, there is no guarantee that the technology utilised by the Group will not, in the future, be superseded by other technologies.
- Competition – The business technology distribution and retail industry is competitive and the Group may face increased competition from existing competitors (including through downward price pressure) and new competitors that enter the industry. Increased competition could have an adverse effect on the financial performance, industry position and future prospects of the Group. The Board has considered in particular the competition risk arising from Amazon's intended entry into the Australian market. The Board anticipates several positive opportunities for the Group to increase sales volumes and traffic through Amazon's market place platform, and consequently the Group does not believe that Amazon as a new market entrant will have a material adverse impact to the Group's

business. Notwithstanding this, the Group is cognisant of the need to continue solidifying its competitive edge in the market through further development of systems and innovative solutions, and maintaining a high level of customer service.

- Supplier pressure or relationship damage – The Group's business model depends on having access to a wide range of products to distribute and sell. An increase in pricing pressure from suppliers or a damaged relationship with a supplier may increase the prices at which the Group procures products, or limit the Group's ability to procure products from that supplier. If prices of products increase, the Group will be required to pass on or absorb the price increases, which may result in a decreased demand for the Group's products or a decrease in profitability. If the Group is no longer able to order parts from a key supplier, it may lose customer orders and accounts, resulting in lower sales. Any decline in demand, sales or profitability may have an adverse effect on the Group's business and financial performance.
- Managing growth and integration risk – The integration of acquired businesses and the continued strategy of growing through acquisition will require the Group to integrate these businesses and where appropriate upscale its operational and financial systems, procedures and controls and expand and retain, manage and train its employees. There is a risk of a material adverse impact on the Group if it is not able to manage its expansion and growth efficiently and effectively, or if the performance of acquired businesses does not meet expectations.

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:

Operational

- On 19 July 2016, the Company (previously named Shoply Limited) completed its acquisition of Anyware and its wholly-owned subsidiary Harris Technology Pty Ltd.
- On 20 July 2016, the Company announced its change of company name from Shoply Ltd to Harris Technology Group Limited, and its change of ASX issuer code from "SHP" to "HT8".

- On 11 November 2016, Harris Technology Group acquired 100% of the issued capital in Audion Innovision Pty Ltd ("Audion"). Audion is an Australian distributor of audio, video and multimedia accessories to conventional channel distributors, dealers and major retail chain stores nationwide. The operations of Audion were merged into the operations of Anyware in March 2017.
- On 29 May 2017, Harris Technology Group announced that it had divested its non-core Your Home Depot business, originally part of the Shoply group of businesses acquired in July 2016. The business was sold with all stock and goodwill.

Appointments and resignations of officeholders

- On 19 July 2016, Mr Andrew Plympton resumed his role as Non-Executive Chairman of Harris Technology Group, after temporarily acting as Executive Chairman as of 9 March 2016.
- On 19 July 2016, Mr Garrison Huang was appointed as an Executive Director and CEO of Harris Technology Group. Mr Huang was previously appointed as a Non-Executive Director on 3 March 2016.
- On 19 July 2016, Mr Bob Xu was appointed as an Executive Director of Harris Technology Group. Mr Xu was previously appointed as a Non-Executive Director on 7 March 2016.
- On 19 July 2016, Mr Howard Chen was appointed as a Non-Executive Director of Harris Technology Group.
- On 19 July 2016, Mr Domenic Carosa resigned as a Director of Harris Technology Group.

Change of auditor

There is no change of auditor during the financial year.

Significant events after the balance date

- On 5 July 2017 and 12 September 2017, total 1,070,000 performance rights were issued to employees under the Company's Long Term Incentive Plan (LTIP).
- On 23 August 2017, the Company negotiated a 12-month repayment extension and a reduced interest rate from 10% to 5% on a $1,000,000 unsecured loan from overseas third party.
- On 13 September 2017, Mr Mark Goulopoulos resigned as a Director of Harris Technology Group.

Environmental regulation

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

Shares issued during the year

2,578,336,150 shares were issued on 19 July 2016 pursuant to EGM resolutions in relation to the merge with Anyware and Harris Technology Pty Ltd, for details refer to note 20.

On 14 November 2016, 74,496 shares were issued to Howard Chen and Mark Goulopoulos in lieu of payment of Director's fees accrued between July and September 2016.

On 9 January 2017, 7,272,728 shares were issued to two investors pursuant to an $800,000 capital raising placement.

Share options (listed and unlisted)

As at 30 June 2017, there were nil unlisted options under the Company's Long Term Incentive Plan (**LTIP**) on issue.

At 1 July 2016, the directors and company secretary of the Company held 18 million options to acquire shares in the Company, but consented to the cancellation of all options for no consideration.

Indemnification and insurance of directors and officers

The Company agreed to indemnify all directors and executive officers for losses which they may become legally obligated to pay on account of any claim first made against them during the policy period for a wrongful act committed before or during the policy.

Total amount of insurance contract premium paid was $10,780 inc GST (2016: $9,900).

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 2017 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 Howard Chen****	Director (non-executive)
Mr Mark Goulopoulos	Director (non-executive)
Mr Domenic Carosa*****	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.*

******Domenic Carosa resigned as a Non-Executive Director on 19 July 2016.*

The following changes to KMP occurred after the reporting date and before the date the financial report was authorised for issue.

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

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 2017 are summarised below:

	2017	2016	2015	2014	2013
	$'000	$'000	$'000	$'000	$'000
Sales revenue	51,069	17,790	18,454	1,657	2,779
EBITDA	782	(5,967)	(2,044)	(1,458)	51
EBIT	(2,466)	(6,373)	(2,437)	(1,490)	51
Profit after income tax	(3,061)	(6,510)	(2,481)	(1,490)	45

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

	2017	2016	2015	2014	2013
Share price at financial year end ($)	0.08	0.10	0.35	0.525	0.275
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(2.37)	(1.08)	(0.47)	(0.54)	0.02

For 2016 and prior years relate to the performance of the previous listed entities, namely Shoply Limited and AdEffective Limited.

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]	2017	32,693	-	3,106		-	35,799	-
	2016	-	-	-		-	-	-
Mr Bob Xu [2]	2017	77,492	-	-		-	77,492	-
	2016	-	-	-		-	-	-
Non-Executive Directors								
Mr Andrew Plympton [3]	2017	48,000	-	-		28,000	76,000	-
	2016	48,000	-	-		-	48,000	-
Mr Howard Chen [4]	2017	-	-	-		4,403	4,403	-
	2016	-	-	-		-	-	-
Mr Mark Goulopoulos [5]	2017	-	-	-		26,460	26,460	-
	2016	30,000	-	2,850		-	32,850	-
Mr Domenic Carosa [6]	2017	1,250	-	-		21,000	22,250	-
	2016	30,000	-	-		-	30,000	-
Mr Matthew Dickinson [7]	2016	22,500	-	-		-	22,500	-
Mr Lorenzo Coppa [8]	2016	10,000	-	-		-	10,000	-
Other Key Management Personnel								
Miss Amy Wenjun Guan	2017	90,016	-	8,552			98,568	-
Mr Simon Crean [9]	2017	-	-	2,020		-	2,020	-
	2016	160,810	-	13,782	(34,536)	-	140,056	(24.66)
Mr Graeme Lay [10]	2017	-	-	1,188		-	1,188	-
	2016	133,069	-	11,592		-	144,661	-
Mr Vaughan Clark [11]	2016	224,278	-	17,223		-	241,501	-
Total KMP	**2017**	**249,451**	**-**	**14,866**	**-**	**79,863**	**344,180**	**-**
	2016	**658,657**	**-**	**45,447**	**(34,536)**	**-**	**669,568**	**(5.16)**

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. *Matthew Dickinson resigned as a Non-Executive Director on 1 March 2016.*
8. *Lorenzo Coppa resigned as a Non-Executive Director on 1 March 2016.*
9. *Simon Crean resigned as CEO on 9 February 2016.*
10. *Graeme Lay resigned as CFO on 29 April 2016.*
11. *Vaughan Clark resigned as CEO on 11 March 2016.*

7. Additional disclosures relating to options and shares

a. Performance rights holdings of key management personnel

As at the end of FY17 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 2016 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 2017 No.
Executive Directors						
Mr Garrison Huang [1]	139,909,396	1,862,852,815	80,110,489	-	-	80,110,489
Mr Bob Xu [2]	-	215,972,557	8,638,903	-	-	8,638,903
Non-Executive Directors						
Mr Andrew Plympton [3]	-	4,000,000	160,000	-	-	160,000
Mr Howard Chen [4]	36,737,769	-	1,469,512	33,257	-	1,502,769
Mr Mark Goulopoulos [5]	14,035,090	17,681,017	1,268,645	147,798	-	1,416,443
Mr Domenic Carosa [6]	75,868,324	32,342,466	4,328,431	(407,125)	(3,921,306)	-

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.*
6. *The shares are held by Tiger Domains Pty Ltd ATF Tiger Domains Unit Trust and MP3 Australia Pty Ltd ATF MP3 Australia Unit Trust A/C, in each of which Mr Carosa is both a 50% shareholder and unit holder, and Dominet Digital Corporation Pty Ltd ATF The Carosa Family A/C , in which Mr Carosa is a beneficiary.*

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.

	2017 $	2016 $
Purchases from entities controlled by KMP and their related parties		
Rental of office and warehouse buildings [1]	523,702	478,800
Inventories [2]	1,450,252	1,412,212
Management services [3]	77,492	49,992
Interest expense on directors' loans [4]	72,600	53,102
Total related party purchases	**2,124,046**	**1,994,106**
Sales to entities controlled by KMP and their related parties		
Inventories [2]	466,560	633,886
Management services [3]	84,000	72,000
Total related party sales	**550,560**	**705,886**

1. *Rental to Garrison Huang and his controlling entity was $478,800 in FY17 (2016: $478,800); Rental to Bob Xu's controlling entity was $44,902 in FY17 (2016: $nil).*
2. *Inventories purchased from Bob Xu's controlling entity was $449,700 in FY17 (2016: $487,532); Inventories purchased from Howard Chen's controlling entity was $986,514 in FY17 (2016: $901,979); Inventories purchased from Anyware New Zealand Pty Ltd was $14,038 in FY17 (2016: $22,701). Inventories sold to Anyware New Zealand Pty Ltd was $466,560 in FY17 (2016: $633,886).*
3. *Management service fee charged by Bob Xu was $77,492 in FY17 (2016: $49,992). Management service fee charged to Anyware New Zealand Pty Ltd was $84,000 in FY17 (2016: $72,000).*
4. *The Group accrued $72,600 interest expense in FY17 for loans from Garrison Huang and Bob Xu. The loan repayments have been deferred to 30 June 2019.*

($)	2017	2016
Current payables to entities controlled by KMP		
Trade payables - Inventories	218,171	195,232
Current receivables from entities controlled by KMP		
Trade receivables - Inventories	353,531	177,212

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

Harris Technology Pty Ltd entered in a lease agreement with AZA International Pty Ltd, whose director is Bob Xu, for an office and warehouse building at Dandenong South, VIC. The lease is for a period of 3 years commencing on 1 December 2016.

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 and/or sells 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's management team in purchasing, marketing, IT and general management.

During the FY16 and FY17, the group executed a number of borrowings from directors to fund the three mergers and acquisitions and provide a source of working capital. The loan balances as of 30 June 2017 are set out as below.

($)		2017	2016
Name of director	**Entity/Shareholder**		
Garrison Huang	Australian PC Accessories Pty Ltd <GHW A/C>	4,018,305	3,718,305
Bob Xu	AZA International (Aust) Pty Ltd <North City Family A/C>	120,000	120,000
		4,138,305	**3,838,305**

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 balance sheet is $104,062 as of 30 June 2017. The interest rate charged is 5.5% for loans of $3,838,305 and 12% for loan of $300,000.

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 2017

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 2017, 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

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Melbourne, VIC
Date: 27 September 2017

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 2017)

($)	Notes	2017	2016
Revenue			
Sales revenue	6	51,068,575	54,050,721
Direct costs		(41,994,531)	(45,212,012)
Gross profit		**9,074,044**	**8,838,709**
Other income	6	10,271	29,255
Distribution expenses		(872,233)	(792,766)
Marketing expenses		(209,479)	(118,521)
Transaction expenses		(230,785)	(153,967)
Employee contractor and director expenses		(4,794,704)	(4,641,459)
Occupancy costs	7	(1,150,612)	(1,002,426)
Technology expenses		(479,514)	(387,615)
Holding company expenses		(273,880)	(88,233)
Depreciation and amortisation expenses	7	(130,033)	(91,271)
Impairment expenses	7	(3,117,482)	(3,436,684)
Other expenses	7	(266,051)	(250,121)
Finance costs	7	(381,258)	(136,997)
Exchange gain / (loss)		(25,165)	(77,018)
(Loss) / Profit before income tax		**(2,846,881)**	**(2,309,114)**
Income tax benefit / (expense)	9	-	(425,405)
(Loss) / Profit from continuing operations		**(2,846,881)**	**(2,734,519)**
Discontinued operations	8	(214,011)	-
Total comprehensive (loss) / profit for the period		**(3,060,892)**	**(2,734,519)**
Earnings per share from continuing operations (cents)			
- Basic earnings / (loss) per share	10	(2.20)	(1,367.26)
- Diluted earnings / (loss) per share	10	(2.20)	(1,367.26)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(AS AT 30 JUNE 2017)

($)	Notes	2017	2016
Current Assets			
Cash and cash equivalents	11	2,219,264	2,083,471
Trade and other receivables	12	5,979,589	5,622,169
Inventories	13	7,238,240	5,679,130
Prepayments and deposits	14	100,580	104,859
Total Current Assets		15,537,673	13,489,629
Non-current Assets			
Property, plant and equipment	15	844,910	784,846
Intangible assets	16	22,028	-
Total Non-current Assets		866,938	784,846
Total Assets		**16,404,611**	**14,274,475**
Current Liabilities			
Trade and other payables	17	8,923,541	8,257,440
Financial liability	18	4,355,881	1,643,629
Employee benefit liabilities	19	462,788	330,564
Total Current Liabilities		13,742,210	10,231,633
Non-current Liabilities			
Financial liability	18	4,251,422	4,183,925
Employee benefit liabilities	19	40,498	170,878
Total Non-current Liabilities		4,291,920	4,354,803
Total Liabilities		**18,034,130**	**14,586,436**
Net Assets / (Net Deficiency of Assets)		**(1,629,519)**	**(311,961)**
Equity			
Contributed equity	20	6,706,411	4,963,077
Accumulated losses	21	(8,335,930)	(5,275,038)
Total Equity		**(1,629,519)**	**(311,961)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(FOR THE YEAR ENDED 30 JUNE 2017)

($)	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
Share issued in lieu of payments	9,863	-	9,863
At 30 June 2017	**6,706,411**	**(8,335,930)**	**(1,629,519)**

($)	Share Capital	Accumulated Losses	Total Equity
At 1 July 2015	**2,963,077**	**(2,113,519)**	**849,558**
Loss for the period	-	(2,734,519)	(2,734,519)
Other comprehensive income	-	-	-
Total comprehensive income	**-**	**(2,734,519)**	**(2,734,519)**
Transactions with owners in their capacity as owners			
Dividend paid	-	(427,000)	(427,000)
Placement issued	2,000,000	-	2,000,000
At 30 June 2016	**4,963,077**	**(5,275,038)**	**(311,961)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(FOR THE YEAR ENDED 30 JUNE 2017)

($)	Notes	2017	2016
Cash flows from operating activities			
Receipts from customers		60,080,507	57,876,234
Payments to suppliers and employees		(60,281,369)	(56,519,068)
Interest received		4,110	22,327
Net cash flows (used in) / provided by operating activities	11	**(196,752)**	**1,379,493**
Cash flows from investing activities			
Cash acquired on reverse acquisition	23	508,496	-
Acquisition of business, net of cash consideration	24	(1,420,706)	-
Disposal of business, net of cash consideration	8	140,000	-
Payments for property, plant and equipment		(127,562)	(148,759)
Net cash flows (used in) / provided by investing activities		**(899,772)**	**(148,759)**
Cash flows from financing activities			
Proceeds from placement issued		800,000	2,000,000
Proceeds from borrowings		4,913,136	439,211
Repayment of borrowings		(4,480,819)	(1,883,234)
Dividend paid		-	(427,000)
Net cash flows (used in) / provided by financing activities		**1,232,317**	**128,977**
Net increase / (decrease) in cash and cash equivalents		**135,793**	**1,359,711**
Cash and cash equivalents at the beginning of the financial year		2,083,471	723,760
Cash and cash equivalents at the end of the financial year	11	**2,219,264**	**2,083,471**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2017)

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 2017 was authorised for issue in accordance with a resolution of the Directors on 27 September 2017.

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 $3,060,892 (2016: $2,734,519 loss) and had net cash outflows from operating activities of $196,752 (2016: $1,379,493 inflows) for the year ended 30 June 2017. As at that date the consolidated entity had net liabilities of $1,629,519 (2016: $311,961 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:

- The consolidated entity has access to a $4,000,000 short term trade finance facility, of which $2,155,504 has been drawn down as at 30 June 2017.
- The consolidated entity has positive net current assets of $1,795,463 as at 30 June 2017.
- As disclosed in Note 28, on 23 August 2017 the Company negotiated a 12-month repayment extension to 31 October 2018, and a reduced interest rate from 10% to 5% on a $1,000,000 unsecured loan.
- Excluding the non-cash impairment expense of $3,117,482, the consolidated entity had recorded a net profit of $56,590 and EBITDA of $567,881 for the year ended 30 June 2017.
- Loan holders of the consolidated entity, equating to $4,138,305 of debt as at 30 June 2017, have provided commitments of financial support and irrevocably deferred monthly payments of principal and interest on loans for a period through to 30 June 2019. These payments are $145,696 per month.

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 reflects an offsetting liability and amortized together with interest costs over the expected remaining period of the leases. The expected value of such offsetting assets and liabilities at 30 June 2017 is $2,103,118 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 2017. 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.

Additional disclosures are provided in Note 8. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

(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.

Business combinations are initially recorded on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and will recognise additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of 12 months from the date of the acquisition or when the acquirer receives all the information possible to determine fair value.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Goodwill is not amortised but tested annually for impairment, or more frequently if events or changes in circumstances.

(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 expected 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.

(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.

	2017 $	2016 $
Financial assets		
Cash and cash equivalents (interest bearing)	111,199	8,428
Financial liabilities		
Interest bearing liabilities – floating rate (current)	(2,155,504)	(439,211)
Interest bearing liabilities – fixed rate (current)	(2,200,377)	(1,204,418)
Interest bearing liabilities – fixed rate (non-current)	(4,251,422)	(4,183,925)
Net exposure	**(8,496,104)**	**(5,819,126)**

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 2017, 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)**	
	2017	**2016**	**2017**	**2016**
Consolidated				
+1% (100 basis points)	(84,961)	(58,191)	-	-
- 1% (100 basis points)	84,961	58,191	-	-

The movements in post-tax profit / (loss) and other comprehensive income are due to a larger net exposure as at 30 June 2017. The sensitivity is higher in 2017 than in 2016 as a result of this increased 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 100% of anticipated cash flows (purchase of inventory) in US Dollars for the subsequent 12 months. At 30 June 2017, 80% 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:

	2017 $	2016 $
Forward/Option exchange contracts		
Buy US dollars	7,862,070	4,952,497
	7,862,070	**4,952,497**

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

	2017 $	2016 $
Financial assets		
Cash - US dollars	26,177	194,326
Financial liabilities		
Loans - US dollars	(891,003)	(1,344,468)
Net exposure	**(864,826)**	**(1,150,142)**

At 30 June 2017, 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)	
	2017	**2016**
Consolidated		
+5% (500 basis points)	41,182	54,769
- 5% (500 basis points)	(45,517)	(60,534)

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 loss for the year ended 30 June 2017 was $25,165 (2016: $77,018).

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 2017, 70.1% of the Group's financial liabilities will mature in less than one year (2016: 70.3%).

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 2017.

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

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)**

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

Year ended 30 June 2016 ($)	**< 1 year**	**1-2 years**	**2-5 years**	**> 5 years**	**Total**
Financial assets					
Cash and cash equivalents	2,083,471	-	-	-	2,083,471
Trade and other receivables	5,622,169	-	-	-	5,622,169
	7,705,640	**-**	**-**	**-**	**7,705,640**
Financial liabilities					
Trade and other payables	8,257,440	-	-	-	8,257,440
Loan and interest payable	1,643,629	345,620	-	-	1,989,249
Directors' loans	-	-	3,838,305	-	3,838,305
	9,901,069	**345,620**	**3,838,305**	**-**	**14,084,994**
Net maturity	**(2,195,429)**	**(345,620)**	**(3,838,305)**	**-**	**(6,379,354)**

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 ($)	**2017**	**2016**
Current assets	76,534	8,559,784
Total assets	9,836,550	8,562,042
Current liabilities	(332,250)	(1,375,634)
Total liabilities	(1,639,750)	(2,617,186)
Issued capital	8,693,445	34,546,214
Accumulated losses	(496,645)	(28,642,084)
Share based payments reserve	-	40,726
Total shareholders' equity	8,196,800	5,944,856
Loss after tax of the parent entity	(496,645)	(960,797)
Total comprehensive (loss) of the parent entity	(496,645)	(960,797)

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

($)	**2017**	**2016**
Revenue from operating activities		
Sale of goods	51,068,575	54,050,721
Total sales revenue	**51,068,575**	**54,050,721**

($)	2017	2016
Other income		
Bank interest received	2,157	22,327
Sale of non-current asset	8,114	6,928
Total other income	**10,271**	**29,255**

7. EXPENSES

($)	2017	2016
Bad and doubtful debts		
Bad debts	(32,250)	8,874
Doubtful bad debts	42,355	7,332
Total bad and doubtful debts	**10,105**	**16,206**
Depreciation		
Office and warehouse equipment	55,492	30,005
Improvement	26,775	24,151
Computer equipment	12,457	10,179
Motor vehicles	21,956	26,936
Total depreciation	**116,680**	**91,271**
Amortisation		
Software development	13,353	-
Total amortisation	**13,353**	**-**
Impairment expense		
Goodwill	824,482	3,436,684
Intangible assets	2,293,000	-
Total impairment expense	**3,117,482**	**3,436,684**
Finance costs		
Interest expense – overseas	217,998	71,255
Interest expense – local	163,260	65,742
Total finance costs	**381,258**	**136,997**

8. DISCONTINUED OPERATION

In its ASX announcement dated 29 May 2017, the Group announced the divestment of its Your Home Depot ("YHD") business, a non-core asset which formed part of the Company's pre-Acquisition group of businesses.

The YHD business was sold on 29 May 2017 with effect from 1 June 2017 and is reported in the current period as a discontinued operation.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

The financial performance presented is for the 10 months ended 1 June 2017.

	2017 $
Revenue	2,503,490
Direct costs	(1,962,038)
Expenses	(770,768)
Depreciation and amortisation	(134,695)
Gain on sale of the business	150,000
Loss for the year from a discontinued operation	**(214,011)**
Net cash outflows from operating activities	(151,242)
Net cash inflows from investing activities	140,000
Net cash inflows from financing activities	-
Net (decrease) in cash generated by the subsidiary	**(11,242)**

Earnings per share (cents)	
Basic, earnings per share from discontinued operation	(0.17)
Diluted earnings per share from discontinued operation	(0.17)

Details of the sale of the business	**$**
Consideration received or receivable	
Cash	150,000
Fair value of inventory	582,287
Total disposal consideration	**732,287**
Carrying amount of net assets sold	582,287
Gain on sale before income tax	**150,000**

9. INCOME TAX

	2017 $	2016 $
Current tax	-	425,405
Deferred tax	-	-
Income tax (expense) / benefit	**-**	**425,405**
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	(2,846,881)	(2,734,519)
Loss before income tax expense from discontinued operations	(214,011)	-
	(3,060,892)	**(2,734,519)**
At the Group's statutory income tax rate of 30% (2016: 30%)	(918,268)	(820,356)
Tax effect amounts which are not deductible / (taxable) in calculating taxable income:		
Impairment expense	935,245	1,031,005
Others	(38,238)	214,756
Deferred tax assets not recognised	21,261	-
Income tax (expense) / benefit	**-**	**(425,405)**
Unused tax losses for which no deferred tax asset has been recognised	**3,123,742**	**3,102,481**

**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 2017 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 2017 (2016: nil).

10. 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:

	2017	**2016**
Basic and diluted (loss)/earnings per share (cents)		
Continuing operations	(2.20)	(1,367.26)
Discontinued operation	(0.17)	-
Basic and diluted (loss)/earnings per share from total comprehensive income	**(2.37)**	**(1,367.26)**
Total comprehensive (loss)/profit for the year ($)	(3,060,892)	(2,734,519)
Weighted average number of ordinary shares used in calculating basic earnings per share	129,537,531	200,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	129,537,531	200,000

11. CASH AND CASH EQUIVALENTS

	2017	**2016**
	$	**$**
Cash at bank and on hand	2,219,264	2,083,471
	2,219,264	**2,083,471**

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

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June 2017:

	2017 $	2016 $
Cash at bank and on hand	2,219,264	2,083,471
Cash attributable to discontinued operations	-	-
	2,219,264	**2,083,471**

Reconciliation of net (loss) / profit after tax to net operating cash flows	**2017 $**	**2016 $**
Net loss after tax	(3,060,892)	(2,734,519)
Non-cash items		
Depreciation and amortisation	264,729	91,271
Finance costs	104,062	-
Gain on sale of non-current assets	(8,314)	(6,928)
Share based payment	9,863	-
Impairment expense	3,117,482	3,436,684
Changes in operating assets and liabilities		
(Increase) / decrease in trade and other receivables	1,068,667	(1,106,424)
(Increase) / decrease in prepayments and deposits	291,864	(13,255)
(Increase) / decrease in inventories	(872,524)	(581,743)
Increase / (decrease) in trade and other payables	(463,748)	2,294,407
Increase / (decrease) in employee benefit liabilities	(83,190)	-
Increase / (decrease) in onerous contract provision	(564,751)	-
Net cash flows provided by/(used in) operating activities	**(196,752)**	**1,379,493**

12. TRADE AND OTHER RECEIVABLES

($)	**2017**	**2016**
Trade receivables	5,680,604	5,442,366
Allowance for impairment loss	(64,878)	(17,409)
Other receivables	10,332	20,000
Related parties	353,531	177,212
	5,979,589	**5,622,169**

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 30.

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 impairment. At 30 June 2017, trade receivables of the Group with a nominal value of $64,878 (2016: $17,409) were impaired.

Other balances within trade and other receivables do not contain impaired assets and are not past due.

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.

13. INVENTORIES

($)	2017	2016
Inventories	7,340,757	5,750,680
Provision for stock obsolescence	(102,517)	(71,550)
	7,238,240	**5,679,130**

14. PREPAYMENTS AND DEPOSITS

($)	2017	2016
Prepayments	82,590	104,859
Deposits	17,990	-
	100,580	**104,859**

15. PROPERTY, PLANT AND EQUIPMENT

	Office and warehouse equipment $	Improvement $	Computer $	Motor vehicles $	Total $
Gross carrying amount					
At 1 July 2016	310,033	445,969	460,992	266,715	1,483,709
Additions	48,968	68,655	18,251	-	135,874
Business assets acquired	21,041	18,076	27,313	1,251	67,681
At 30 June 2017	**380,042**	**532,700**	**506,556**	**267,966**	**1,687,264**
Depreciation and impairment					
At 1 July 2016	(117,909)	(54,101)	(447,086)	(79,767)	**(698,863)**
Depreciation charge for the year	(57,796)	(30,044)	(33,695)	(21,956)	**(143,491)**
At 30 June 2017	**(175,705)**	**(84,145)**	**(480,781)**	**(101,723)**	**(842,354)**
Net carrying amount					
At 30 June 2017	**204,337**	**448,555**	**25,775**	**166,243**	**844,910**
At 30 June 2016	192,124	391,868	13,906	186,948	784,846

16. INTANGIBLE ASSETS

	Software development $	Customer databases $	Brands $	Goodwill $	Total $
Gross carrying amount					
At 1 July 2015	-	-	-	3,436,684	3,436,684
Additions	-	-	-	-	-
At 30 June 2016	-	-	-	3,436,684	3,436,684
Additions		-	-	-	-
Business assets acquired	143,265	812,000	1,481,000	824,482	3,117,482
At 30 June 2017	**143,265**	**812,000**	**1,481,000**	**4,261,166**	**6,697,431**

Amortisation and impairment					
At 1 July 2015	-	-	-	-	-
Impairment	-	-	-	(3,436,684)	(3,436,684)
At 30 June 2016	-	-	-	(3,436,684)	(3,436,684)
Amortisation	(121,237)	-	-	-	(121,237)
Impairment	-	(812,000)	(1,481,000)	(824,482)	(3,117,482)
At 30 June 2017	**(121,237)**	**(812,000)**	**(1,481,000)**	**(4,261,166)**	**(6,675,403)**
Net carrying amount					
At 30 June 2017	**22,028**	**-**	**-**	**-**	**22,028**
At 30 June 2016	-	-	-	-	-

The group has assessed the carrying value of goodwill relating to the reverse acquisition of Anyware and the business combination of Audion using a discounted cash flow model. During the year, $824,482 has been impaired from goodwill; $2,293,000 has been impaired from intangible assets.

Impairment testing

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 24 months projection period approved by management and extrapolated for a further 3 years using the following rates in key assumptions, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the consolidated entity:

a. 15.8% post-tax discount rate;
b. $59.8m projected revenue for 2018, 6.5% per annum growth in 2019, 5% for 2020 and 5% for 2021 per annum projected revenue growth rate;
c. 14.0% gross margin consistent for the next 5 years projection period;
d. Gradual costs and overheads increase of 5% in 2018 and 2019, 4% increase in 2020 and 2021 per annum in operating costs and overheads.

The discount rate of 15.8% reflects management’s estimate of the time value of money and the consolidated entity’s weighted average cost of capital adjusted for the group, the risk free rate and the volatility of the share price relative to market movements.

The directors believe the projected 8% revenue growth rate in 2018 is in accordance with the acquisition strategy and M2C strategy. The lower rate of growth in later years is prudent justified.

Compared to prior years, the directors have reduced their estimation of the increase in operating costs and overheads, due to the divestment of YHD business and also an effort by the consolidated entity to contain costs.

The overheads increase from FY2018 onwards will be mainly used on improving distribution sales forces, improving operational efficiency and investment on M2C strategies.

The calculated present value of the cash flow generating from the consolidated entity was less than the CGU value from the balance sheet as of 31 December 2016. Goodwill and intangible assets which arose on the acquisition of Anyware and Audion have been impaired by $3,117,482.

17. TRADE AND OTHER PAYABLES

Trade and other payables - current ($)	2017	2016
Trade payables	8,152,536	7,263,895
Other payables	552,834	798,313
Related parties	218,171	195,232
	8,923,541	**8,257,440**

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

(iii) Details of the terms and conditions of related party payables are set out in notes 30.

Fair value

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

Related party payables

For details of related party payables refer to note 30.

Foreign exchange and interest rate risk

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

18. FINANCIAL LIABILITY

($)	2017	2016
At 1 July 2016		
Secured		
Trade finance facility	2,155,504	439,211
Equipment finance	162,976	205,570
Unsecured		
Loan and interest payable	2,150,518	1,344,468
Directors' loans (Note 22)	4,138,305	3,838,305
Fair value at 30 June 2017	**8,607,303**	**5,827,554**
Current	4,355,881	1,643,629
Non-current	4,251,422	4,183,925
Total	**8,607,303**	**5,827,554**

On 7 July 2016, the Group received $300,000 from Australian PC Accessories Pty Ltd with 12% annual interest rate. The loan is included in the directors' loan as of 30 June 2017.

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 balance sheet is $104,062 as of 30 June 2017.

Trade finance facility

A subsidiary of the group, Anyware Corporation Pty Ltd, has entered into a trade finance facility agreement with Westpac to facilitate the purchase of goods from local or overseas suppliers. This facility has been extended as part of the group's overall banking arrangement with Westpac. This facility is continuously utilised to provide a source of working capital more closely matching the inventory life cycle of trading products.

The facility has a limit of $4 million with drawdowns on the facility repayable within 180 days.

($)	2017	2016
Trade finance facility	4,000,000	2,000,000
Used at the reporting date	2,155,504	439,211
Unused at the reporting date	1,844,496	1,560,789

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

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 2017.

19. EMPLOYEE BENEFIT LIABILITIES

($)	**2017**	**2016**
Current		
Annual leave	291,541	270,517
Long service leave	171,247	60,047
Non-current		
Long service leave	40,498	170,878

20. CONTRIBUTED EQUITY

Issued and paid up capital

($)	**2017**	**2016**
Ordinary shares		
Ordinary shares fully paid	6,706,411	4,963,077
Listed options	-	-
Contributed equity	**6,706,411**	**4,963,077**

Movements in ordinary shares on issue	**Number of Shares**	**$**
Opening balance	699,896,927	4,963,077
Shares issued during the year:		
Issue of shares on 19 July 2016 pursuant to EGM resolutions on reverse acquisition*	2,578,336,150	933,471
*Consolidation of shares to***	*131,129,774*	-
Issue of shares on 14 November 2016 in lieu of payments of directors' fees	74,496	9,863
Issue of shares on 9 January 2017 as consideration for $800,000 share placement	7,272,728	800,000
Closing balance	**138,476,998**	**6,706,411**

**2,403,456,940 shares issued for nil cash, in consideration for the Company's acquisition of 100% of the issued capital in Anyware Corporation Pty Ltd, as announced to the market on 2 March 2016; 12,000,000 shares issued for nil cash consideration under the Company's long term incentive plan (LTIP) to company officeholders; 15,914,435 shares issued for nil cash consideration, in satisfaction of the Company's obligation to issue any further earn-out shares to Warcom (Aust) Pty Ltd under the terms of the Warcom Assets Purchase Agreement; 146,964,775 shares issued in conversion of loans (principal and interest) at a conversion price $0.007 per share*

***The Company completed share consolidation effective 28 July 2016*

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.

21. ACCUMULATED LOSSES

($)	2017	2016
Balance at beginning of financial year	(5,275,038)	(2,113,519)
Dividend paid	-	(427,000)
Net profit/(loss) for the year	(3,060,892)	(2,734,519)
Balance at end of financial year	**(8,335,930)**	**(5,275,038)**

22. 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 2017 are set out as below.

($)		2017	2016
Name of director	**Entity/Shareholder**		
Garrison Huang	Australian PC Accessories Pty Ltd <GHW A/C>	4,018,305	3,718,305
Bob Xu	AZA International (Aust) Pty Ltd <North City Family A/C>	120,000	120,000
		4,138,305	**3,838,305**

23. REVERSE ACQUISITION

On 19 July 2016, Harris Technology Group Limited (formerly Shoply Limited) ("HT8") completed the acquisition of a technology distributor Anyware Corporation Pty Ltd ("Anyware") ("Acquisition"). The Acquisition has been accounted for using the principles for reverse acquisitions in AASB 3 Business Combinations because, as a result of the Acquisition, the former shareholders of 'Anyware' (the legal subsidiary) obtained accounting control of Harris Technology Group Limited (the legal parent).

Accordingly the consolidated financial report of HT8 has been prepared as a continuation of the business and operations of Anyware and Harris Technology. As the deemed accounting acquirer, Anyware and Harris Technology have accounted for the acquisition from 19 July 2016. It should be noted that the results of the previous corresponding period for FY16 ('**pcp**') set out in this financial report represents only the financial results of Anyware and Harris Technology PL when run as a private group.

For clarity and ease of comparison, the Directors note that the consolidated results for FY16 of Shoply Limited (as the Company was then named) and its controlled entities were a loss of $6,510,012, from revenues of $17,789,785. For further information on Shoply Limited's results for FY16, refer to the Company's Appendix 4E and yearly report lodged with ASX on 31 August 2016.

The impact of the reverse asset acquisition on each of the primary statements is as follows:

Consolidated statement of comprehensive income

a. The statement for the period ended 30 June 2017 comprises 12 months of operating results of Anyware and 11 months of operating results of HT8 from the acquisition date of 19 July 2016.
b. The statement for the period to 30 June 2016 comprises 12 months of Anyware.

Consolidated statement of financial position

a. The consolidated statement of financial position at 30 June 2017 represents HT8 and Anyware as at that date.
b. The consolidated statement of financial position at 30 June 2016 represents Anyware's assets and liabilities as at that date.

Consolidated statement of changes in equity

a. The consolidated statement of changes in equity for the period ended 30 June 2017 comprises Anyware's balance at 1 July 2016, its loss for the 12 months and 11 months of results of HT8 from the acquisition date of 19 July 2016 along with transactions with equity holders for 12 months.
b. The consolidated statement of changes in equity for the period ended 30 June 2016 comprises 12 months of Anyware.

Consolidated statement of cash flows

a. The consolidated cash flow statement for the period ended 30 June 2017 comprises the cash balances of Anyware, as at 30 June 2016, the cash transactions for the 12 months to 30 June 2017 and 11 months of cash transactions of HT8 from the acquisition date of 19 July 2016 and the cash balance of Anyware and HT8 at 30 June 2017.
b. The consolidated cash flow statement for the period ended 30 June 2016 comprises 12 months of Anyware's cash transactions.

References throughout the financial statements to "reverse acquisition" are in reference to the above accounting treatment.

The deemed consideration transferred by Anyware under the principles of AASB3 is $933,471.

The fair values of the identifiable net assets acquired in Shoply Limited on reverse acquisition were:

	Fair value recognised on reverse acquisition ($)
Cash and cash equivalents	508,496
Trade and other receivables	66,534
Inventories	686,585
Prepayments and deposits	194,319
Property, plant and equipment (Note 15)	54,372
Intangible assets - Software (Note 16)	143,265

Trade and other payables	(1,083,078)
Onerous contract provision	(564,750)
Financial liabilities	(2,061,281)
Employee benefit liabilities	(33,613)
Identifiable intangible assets – Brands (Note 16)	1,481,000
Identifiable intangible assets – Customer relationship (Note 16)	812,000
Goodwill (Note 16)	729,622
Net assets acquired	**933,471**

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

24. BUSINESS COMBINATIONS

On 11 November 2016, HT8 acquired 100% of Audion Innovision Pty Ltd ("Audion"). The acquisition has been accounted as a Business Combination under AASB 3.

The cash consideration transferred by HT8 was $1,420,706.

The fair values of the identifiable net assets of Audion as at the date of acquisition were:

	Fair value recognised on acquisition ($)
Trade and other receivables	1,327,464
Prepayments and deposits	93,266
Property, plant and equipment (Note 15)	13,309
Trade and other payables	(5,922)
Employee benefit liabilities	(92,271)
Goodwill (Note 16)	84,860
Net assets acquired	**1,420,706**

Impact of acquisition on the results of the Group

The Audion acquisition was considered by the Board to be highly complementary to the distribution arm of the Group's business, and has diversified and expanded the Group's product portfolio through the addition of leading international brands distributed by Audion. In addition, the acquisition has expanded the Group's distribution network to include Audion's customers such as major tier 1 retail chain stores in Australia.

The operations of the Audion business have been fully integrated with and absorbed into the Anyware business, in order to maximise synergies, further reduce operational costs and streamline functions. The FY17 results include the trading results of the Audion business from the acquisition date of 11 November 2016.

25. 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.

On 29 September 2016, the Group executed the surrender of lease in respect of the premise at Castle Hill, NSW. The bank guarantee lodged has been retained by the landlord as part payment of the Surrender Sum of $300,000 plus GST. Onerous contract provision of $525,057 has been removed in this regards, refer to note 26.

The Group entered into a sublease contract on 30 January 2017 in respect of the premise at Alphington, VIC.

Operating lease commitments ($)	**2017**	**2016**
Operating leases contracted		
Within one year	789,803	722,876
After one year but not more than five years	1,313,315	2,103,118
More than five years	-	-
	2,103,118	**2,825,994**

26. 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 ($)	**2017**	**2016**
Within one year	45,623	-
After one year but not more than five years	-	-
More than five years	-	-
	45,623	-

27. CONTINGENT ASSETS AND LIABILITIES

The Company had no contingent assets and no contingent liabilities as at 30 June 2017 (2016: nil).

28. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

On 5 July 2017 and 12 September 2017, a total of 1,070,000 performance rights were issued to employees under the Company's Long Term Incentive Plan (LTIP).

On 23 August 2017, the Company negotiated a 12-month repayment extension and a reduced interest rate from 10% to 5% on a $1,000,000 unsecured loan from overseas third party.

On 13 September 2017, Mr Mark Goulopoulos resigned as a Director of Harris Technology Group.

Apart from the matters detailed above, no other matter or circumstance has arisen since 30 June 2017 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.

29. AUDITOR'S REMUNERATION

($)	2017	2016
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	48,000	45,000
	48,000	**45,000**

30. 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:

	Country of Incorporation	% of Equity interest		Investment ($)	
Name of entity		**2017**	**2016**	**2017**	**2016**
Anyware Corporation Pty Ltd	Australia	100	N/A	9,972,733	N/A
Harris Technology Pty Ltd	Australia	100	N/A	100	N/A
AER Group Pty Ltd	Australia	100	100	100	100
Audion Innovision Pty Ltd	Australia	100	N/A	1,420,706	N/A
AdEffective Business Networks Pty Ltd*	Australia	N/A	100	N/A	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 2017, those loans have been eliminated in the balance sheet.

(d) Other related party transactions

During the financial year ended 30 June 2017, there were a total of $4,138,305 Directors' loans reported by the Group, refer to note 22 (2016: $3,838,305). On 19 July 2016, the Group issued total 146,964,775 shares to the directors from $1,000,000 convertible notes received.

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.

31. KEY MANAGEMENT PERSONNEL

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

($)	2017	2016
Short-term employee benefits	249,451	658,657
Post-employment benefits	14,866	45,447
Share based payments	79,863	(34,536)
	344,180	**669,568**

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.

32. 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 2017)

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 2017 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 2017 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 2017.

On behalf of the Board

Andrew Plympton
Non-Executive Chairman

Melbourne, 27 September 2017

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

HARRIS TECHNOLOGY GROUP LIMITED

Qualified Opinion

We have audited the financial report of Harris Technology Group Limited, which comprises the consolidated statement of financial position as at 30 June 2017, 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 of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, except for the matter referred to in the Basis for Qualified Opinion section of our report 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 consolidated entity's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

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

Basis for Qualified Opinion

We were appointed as auditors of Anyware Corporation Pty Ltd ("Anyware") on 19 October 2016 and thus did not observe the counting of the physical inventories at 30 June 2016. As disclosed in our Key Audit Matters section Anyware completed a reverse acquisition of Harris Technology Group Limited on 19 July 2016. As a result this financial report is prepared as a continuation of the business and operations of Anyware. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 30 June 2016. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the income for the year reported in the consolidated statement of profit or loss and other comprehensive income and the net cash flows from operating activities reported in the consolidated statement of cash flows.

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 qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1c in the financial report, which indicates that the Group incurred a net loss of $3,060,892 and had net cash outflows from operating activities of $196,752 during the year ended 30 June 2017 and, as of that date, the Group's total liabilities exceeded its total assets by $1,629,519. As stated in Note 1c, these events or conditions, along with other matters as set forth in Note1c, 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 further 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. In addition to the matters described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Accounting for Business Combinations
Refer to Note 23 & 24 in the financial statements</td></tr>
<tr><td>During the year, the consolidated entity completed the acquisition of Anyware Corporation Pty Ltd (“Anyware”) as described in Note 23 of the consolidated financial statements.

The effect of this transaction was that the shareholders of Anyware hold 76.42% in the combined entity, and therefore Anyware has been determined to be the accounting acquirer and the Company the accounting subsidiary. The transaction has been accounted for as a reverse acquisition under AASB 3 Business Combinations.

The acquisition of Anyware is technically complex from an accounting perspective and involves significant management judgment in determining the acquiring entity and the fair value of consideration paid.

In addition the consolidated entity completed the acquisition of Audion Innovation Pty Ltd during the year as described in Note 24 of the consolidated financial statements.</td><td>Our procedures to assess the accounting treatment of the acquisition included:
• Obtaining the share purchase agreements and other associated documents, and ensuring that the transaction had been accounted for in compliance with AASB 3 Business Combinations.
• Critically evaluating management’s determination that Anyware was the acquiring entity
• Challenging the key assumptions used by management in determining the accounting treatment, and the fair value of consideration paid, having consideration of the various related documents and agreements as well as the requirements of the Australian Accounting Standards;
• Inspecting management’s support for the fair values of assets and liabilities acquired as part of the transaction and testing the reasonableness of the assumptions and inputs used in determining the fair value of consideration paid; and
• Assessing the appropriateness of financial statement disclosures in relation to the acquisition.</td></tr>
</table>

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Impairment of Intangible Assets
Refer to Note 16 in the financial statements</td></tr>
<tr><td>The consolidated entity has incurred an impairment expense of $3,117,482 relating to the write down of goodwill and other identifiable intangible assets recognised via numerous acquisitions over the last few financial years.

Management performed an impairment assessment over the balance of intangible assets by: calculating the value in use for the individual CGU identified using a discounted cash flow model; and comparing the resulting value in use of the CGU to its book value.

Based on the assessment conducted the value in use was less than their respective book values and management wrote down the intangible assets by an amount of $3,117,482. The residual assets in the CGUs were assessed to be held at the higher of their fair value less costs of disposal and their value in use, and therefore were not impaired.

We identified this area as a Key Audit Matter due to the size of the an impairment expense, and because the directors' assessment of the 'value in use' of the cash generating unit ("CGU") involves judgements about the future underlying cash flows of the business and the discount rates applied to them.</td><td>Our audit procedures in relation to management's impairment assessment included:
Assessing management's determination that the goodwill should be allocated to a single CGU based on the nature of the Group's business and the manner in which results are monitored and reported;
Assessing the valuation methodology used;
Challenging the reasonableness of key assumptions, including the cash flow projections, discount rates, and sensitivities used;
Checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; and
Utilising the RSM corporate finance team as auditor's experts to assist with the audit procedures listed above.</td></tr>
<tr><td colspan="2">Recognition of Revenue
Refer to Note 1(f) in the financial statements</td></tr>
<tr><td>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.</td><td>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.</td></tr>
</table>

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 2017, 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 2017.

In our opinion, the Remuneration Report of Harris Technology Group Limited, for the year ended 30 June 2017, 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 AUSTRALIA PARTNERS

J S CROALL
Partner

Melbourne, VIC
Dated: 27 September 2017

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 13 September 2017 (**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), 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).

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
Garrison Huang and associated entity	Ordinary Shares	80,110,489	57.85
Bob Xu and associated entity	Ordinary Shares	8,638,903	6.24
Welland Industrial Co Ltd	Ordinary Shares	8,216,242	5.93

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
Ordinary Shares	2,181
Performance Rights	17

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 2,181 holders of a total of 138,476,998 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	1,509	175,928	0.127
1,001 – 5,000	335	851,096	0.615
5,001 – 10,000	107	819,160	0.592
10,001 – 100,000	181	6,719,840	4.853
100,001 – 9,999,999,999	49	129,910,974	93.813
Totals	**2,181**	**138,476,998**	**100.00**

Distribution of performance rights holders

Holdings Ranges	Holders	Total Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	17	1,070,000	100.00
100,001 – 9,999,999,999	-	-	-
Totals	**17**	**1,070,000**	**100.00**

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
138,476,998	1,192,261	1,873	0.86098

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
Ordinary Shares	Voluntary escrow	7,272,728	9 January 2018

Unquoted equity securities

The Company has one class of unquoted equity securities on issue, being performance rights issued under the Company's Long Term Incentive Plan. As at the Reporting Date, there are 1,070,000 performance rights on issue to 17 holders.

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	57.851%
AZA INTERNATIONAL (AUST) PTY LTD <NORTH CITY FAMILY A/C>	8,638,903	6.239%
WELLAND INDUSTRIAL CO LTD	8,216,242	5.933%
CHA SHIN CHI INVESTMENT CO LTD	5,488,969	3.964%
PING SHEN	4,545,455	3.282%
MISS PING YU	3,900,308	2.817%
TIGER DOMAINS PTY LTD <TIGER DOMAINS UNIT A/C>	1,780,467	1.286%
MISS XIAOFEI XU	1,536,304	1.109%
DOMINET DIGITAL CORPORATION PTY LTD <THE CAROSA FAMILY A/C>	1,406,836	1.016%
RETZOS FAMILY PTY LTD <RETZOS FAMILY S/FUND A/C>	1,097,581	0.793%
ATLANTIS MG PTY LTD <MG FAMILY SUPER FUND A/C>	1,000,000	0.722%
MR SIJIN CHEN	881,707	0.637%
MRS ISABEL COPPA <COPPA FAMILY A/C>	800,703	0.578%
DIAMOND BOWL PTY LTD <THE DIAMOND BOWL S/F A/C>	694,008	0.501%
T E & J PASIAS PTY LTD	680,000	0.491%
MP3 AUSTRALIA PTY LTD <THE MP3 UNIT A/C>	674,667	0.487%
H & J INVESTMENT PTY LTD <H & J SUPER FUND A/C>	621,062	0.448%
MR PAUL WARREN	580,424	0.419%
MS ZHEN MA	500,000	0.361%
KONG FAMILY PTY LTD <KONG FAMILY SUPER FUND A/C>	479,590	0.346%
Total number of shares of Top 20 Holders	**123,633,715**	**89.28%**
Total Remaining Holders Balance	**14,843,283**	**10.719%**

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:

Level 1, 61 Spring Street
Melbourne Victoria 3000

Tel: +61 (0)3 9286 7500

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).

ht8.com.au

HARRIS TECHNOLOGY GROUP LIMITED

FINANCIAL REPORT 2017