

Harris Technology Group Limited
ABN 93 085 545 973

Appendix 4D and Financial Report
For the half year ended 31 December 2019

Lodged with ASX under Listing Rule 4.2A

Harris Technology Group Limited

ABN 93 085 545 973

Current reporting period: 1 July 2019 to 31 December 2019
 Previous corresponding period: 1 July 2018 to 31 December 2018

Results for Announcement to the Market

		% Change from previous corresponding period		Current reporting period \$A
Revenues from ordinary activities	down	(6.10)	to	4,168,587
Profit from ordinary activities after tax attributable to members	up	472.70	to	(165,684)
Profit for the period attributable to members	up	472.70	To	(165,684)

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

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

Revenue from continuing operations for the half year ended 31 December 2019 was \$4,168,587, a decrease of 5.64% from the previous corresponding period (2018: \$4,417,702).

Net loss from continuing operations was \$165,684 a reduction in loss of 26.71% from the previous corresponding period (2018: loss of \$226,063).

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

Net tangible assets	Dec 2019	June 2019
Net tangible assets per ordinary security	(2.78) cents	(2.89) cents

Review opinion

This report is based on accounts which have been independently reviewed by the Company's external auditors. A copy of the directors' report and financial statements, together with the auditor's review report, is attached.

Other information required by Listing Rule 4.2A

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in the accompanying half-yearly report for the period ended 31 December 2019.

This half-yearly reporting information should be read in conjunction with the most recent annual financial report of the Company.

A handwritten signature in blue ink, appearing to read 'Andrew Plympton', with a large loop at the start and a flourish at the end.

Andrew Plympton

Non-Executive Chairman
28 February 2020

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2019

The Directors present their report together with the condensed financial report of the consolidated entity of Harris Technology Group Limited and the entities it controlled for the half-year ended 31 December 2019 and independent auditor's review report thereon. This financial report has been prepared in accordance with AASB 134 *'Interim Financial Reporting'* and the *Corporations Act 2001*.

Directors

The names of the Directors in office 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.

Andrew Plympton	Non-Executive Chairman
Garrison Huang	Managing Director & Chief Executive Officer
Bob Xu	Non-Executive Director
Howard Chen	Non-Executive Director
Company Secretary	Brett Crowley appointed on 6 December. 2018

Principal activities

The Group's principal activities during the course of the half-year were in the area of online retailing and distribution. There has been no significant change in the nature of these activities during the half-year.

Review and results of operations

Revenue from continuing operations for the half year ending 31st December 2019 was \$4,168,587. This revenue was attributable to Harris Technology operations and APCA operation. The net loss for the period was (\$165,684).

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Events Occurring After the Reporting Period

No other matters or circumstances have arisen since the end of the reporting period which significantly affects the operations of the consolidated group, results of these operations, or the state of affairs of the consolidated group in future financial periods

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the Corporation Act 2001 is included on the following page and forms part of Harris Technology Group Limited's Directors' report for the period from 1 July 2019 to 31 December 2019.

This report is made in accordance with a resolution of directors pursuant to section 306(3)(a) of the Corporation Act 2001.

On behalf of the directors



Andrew Plympton

Non-Executive Chairman
28 February 2020

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000

PO Box 248 Collins Street West VIC 8007

T +61(0) 3 9286 8000

F +61(0) 3 9286 8199

www.rsm.com.au**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Harris Technology Group Limited for the half year ended 31 December 2019, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

**RSM AUSTRALIA PARTNERS****B Y CHAN**
PartnerDated: 28 February 2020
Melbourne, Victoria

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Notes	Half Year to 31-Dec-19 \$	Half Year to 31-Dec-18 \$
Revenue			
Sales revenue		4,168,587	4,417,702
Direct costs		(3,436,710)	(3,884,926)
Gross profit		731,877	532,776
Other income		52,331	12,984
Distribution expenses		(53,037)	(41,925)
Marketing expenses		(98,979)	(41,839)
Transaction expenses		(32,072)	(45,728)
Employee contractor and director expenses		(438,715)	(449,202)
Occupancy costs		(24,931)	(68,381)
Technology expenses		(31,085)	(27,064)
Holding company expenses		(87,468)	(90,199)
Impairment expense		(112,200)	-
Depreciation and amortisation expenses		(30,985)	(6,654)
Finance costs		(32,224)	-
Other expenses		(8,196)	(830)
Loss before income tax		(165,684)	(226,063)
Income tax benefit / (expense)		-	-
Loss from continuing operations		(165,684)	(226,063)
Discontinued operation			
Gain after tax from discontinued operation	4	-	(1,034,695)
Loss for the period		(165,684)	(1,260,757)
Other comprehensive income			-
Total comprehensive income for the period		(165,684)	(1,260,757)
Earnings per share from continuing operations			
		Cents	Cents
- Basic earnings/(loss) per share	3	(0.09)	(0.15)
- Diluted earnings/(loss) per share	3	(0.09)	(0.15)
Earnings per share from discontinued operations			
		Cents	Cents
- Basic earnings/(loss) per share	3	-	(0.67)
- Diluted earnings/(loss) per share	3	-	(0.67)
Earnings per share from loss			
		Cents	Cents
- Basic earnings/(loss) per share	3	(0.09)	(0.82)
- Diluted earnings/(loss) per share	3	(0.09)	(0.82)

The accompanying notes form part of these financial statements.

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	31-Dec-19 \$	30-Jun-19 \$
Current assets			
Cash and cash equivalents		572,767	1,008,416
Trade and other receivables		198,414	347,965
Inventories		766,558	405,123
Prepayments and deposits		29,249	34,727
Total current assets		1,566,988	1,796,231
Non-current assets			
Property, plant and equipment		105,831	109,744
Right of Use Asset		225,595	-
Intangible assets		133,624	291,867
Total non-current assets		465,050	401,611
Total assets		2,032,038	2,197,842
Current liabilities			
Trade and other payables		2,060,006	2,068,926
Financial liability		900,000	1,408,472
Lease liability		48,664	-
Employee benefit liabilities		65,757	53,578
Total current liabilities		3,074,427	3,530,976
Non-current liabilities			
Financial liability		3,913,936	3,726,553
Lease liability		200,233	-
Employee benefit liabilities		12,134	3,321
Total non-current Liabilities		4,126,303	3,729,874
Total liabilities		7,200,730	7,260,850
Net assets		(5,168,692)	(5,063,008)
Equity			
Share capital		7,714,464	7,654,464
Accumulated losses		(12,883,156)	(12,717,472)
Total equity		(5,168,692)	(5,063,008)

The accompanying notes form part of these financial statements.

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Share capital	Accumulated losses	Total equity
	\$	\$	\$
At 1 July 2019	7,654,464	(12,717,472)	(5,063,008)
Loss for the period	-	(165,684)	(165,684)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(165,684)	(165,684)
Issue of share in lieu directors fees	60,000	-	60,000
At 31 December 2019	7,714,464	(12,883,156)	(5,168,692)
	Share capital	Accumulated losses	Total equity
	\$	\$	\$
At 1 July 2018	7,594,915	(10,514,823)	(2,919,907)
Loss for the period	-	(1,260,757)	(1,260,757)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(1,260,757)	(1,260,757)
Share based payment	-	-	-
At 31 December 2018	7,594,915	(11,775,580)	(4,180,665)

The accompanying notes form part of these financial statements.

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Notes	Half Year to 31-Dec-19 \$	Half Year to 31-Dec-18 \$
Cash flows from operating activities			
Receipts from customers		4,905,120	20,951,244
Payments to suppliers and employees		(4,994,459)	(21,915,812)
Interest and other finance costs paid		(25,221)	-
Net cash flows (used in) / provided by operating activities		(114,560)	(964,567)
Cash flows from investing activities			
Proceeds from sale of business		-	3,416,084
Payments for property, plant and equipment		-	-
Net cash flows (used in) / provided by investing activities		-	3,416,084
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(321,089)	(3,092,829)
Net cash flows (used in) / provided by financing activities		(321,089)	(3,092,829)
Net increase/(decrease) in cash and cash equivalents		(435,649)	(641,313)
Cash and cash equivalents at the beginning of the financial year		1,008,416	1,783,506
Cash and cash equivalents at the end of the financial year		572,767	1,142,194

The accompanying notes form part of these financial statements.

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Note 1. Basis of preparation of the half-year financial report

(a) Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with financial report of the company for the year ended 30 June 2019, and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

(b) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classification of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 17. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Note 1. Basis of preparation of the half-year financial report

(b) New or amended Accounting Standards and Interpretations adopted (continued)

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption as at 1 July 2019 was as follows:

	1 Jul 2019
	\$
Operating lease commitments as at 1 July 2019 (AASB 17)	181,500
Finance lease commitments as at 1 July 2019 (AASB 17)	-
Transition assessment adjustment	108,255
Operating lease commitments discount based on the weighted average incremental borrowing rate of 6% (AASB 16)	(37,088)
Short-term leases not recognised as a right-of-use asset (AASB 16)	-
Low-value leases not recognised as a right-of-use asset (AASB 16)	-
	<hr/>
Right-of-use assets (AASB 16)	252,667
	<hr/>
Lease Liabilities- current (AASB 16)	(46,795)
Lease Liabilities- non- current (AASB 16)	(205,872)
	<hr/>
Reduction in opening retained profits as at 1 July 2019	-
	<hr/> <hr/>

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Note 1. Basis of preparation of the half-year financial report (continued)

(b) New or amended Accounting Standards and Interpretations adopted (continued)

Lease liability (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(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 \$165,684 (HY2018: \$1,260,757 loss) and had net cash outflows from operating activities of \$114,560 (HY2018: \$964,567 cash outflow) for the half-year ended 31 December 2019. As at that date the consolidated entity had net current liabilities of \$1,507,439 (June 2019: \$1,734,745 net current liabilities) and net liabilities of \$5,168,692 (June 2019: \$5,063,008 net liabilities).

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 prepared budgets and cash flow forecasts for the next 12 months from the date of this report which indicate the consolidated entity will have a positive cash balance during this period;
- The Directors with loans to the consolidated entity, equating to \$3,545,056 of debt as at 31 December 2019, have provided commitments of financial support and irrevocably deferred monthly payments of principal and interest on loans for a period through to 1 July 2021, or sooner if the consolidated entity has the capacity to repay these loans without impacting the ongoing viability of the consolidated entity; and
- The Directors are negotiating with an external loan holder to extend the repayment terms of a \$900,000 loan, and are confident that the loan extension will be successful.

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.

In the event that forecasted revenue is not achieved, and other investment opportunities are not achieved, and should additional funding not be available from investors, Directors or shareholders to meet funding requirements, there would be a material uncertainty 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.

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Note 2. Operating 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 consolidated group, and determining investment requirements. The operating segments are based on the manner in which services are provided to the market.

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

Note 3. Earnings per share

	Half Year to 31-Dec-19	Half Year to 31-Dec-18
	\$	\$
Weighted average number of ordinary shares used in calculating basic earnings per share	186,203,997	154,059,368
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>186,203,997</u>	<u>154,059,368</u>
	Cents	Cents
Earnings per share from continuing operations		
- Basic earnings/(loss) per share	0.09	(0.15)
- Diluted earnings/(loss) per share	0.09	(0.15)
Earnings per share from discontinued operations		
- Basic earnings/(loss) per share	0.00	(0.67)
- Diluted earnings/(loss) per share	0.00	(0.67)
Earnings per share from loss		
- Basic earnings/(loss) per share	0.09	(0.82)
- Diluted earnings/(loss) per share	0.09	(0.82)

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Note 4. Discontinued operations

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

	Half Year to 31-Dec-19	Half Year to 31-Dec-18
	\$	\$
(a) Financial performance		
The financial performance presented is for the six months ended 31 December 2019.		
Sales revenue	-	11,027,280
Direct cost	-	(10,306,610)
Impairment expense	-	(499,279)
Depreciation and amortisation expenses	-	(35,015)
Employee expenses	-	(487,602)
Finance costs	-	(38,862)
Other expenses	-	(894,607)
Gain on sale of the business	-	200,000
Loss from discontinued operation	-	<u>(1,034,695)</u>
Net cash outflow from operating activities	-	(488,390)
Net cash inflow from investing activities	-	3,216,084
Net cash (outflow) / inflow from financing activities	-	<u>(2,985,481)</u>
Net increase in cash generated by the subsidiary	-	<u>(257,787)</u>
(b) Carrying amounts of assets and liabilities disposed	31-Dec-19	31-Dec-18
	\$	\$
Trade and other receivables	-	382,606
Inventories	-	3,482,067
Trade and other payables	-	(431,273)
Employee benefit liabilities	-	(217,316)
Net assets	-	<u>3,216,084</u>
(c) Details of the disposal	Half Year to 31-Dec-19	Half Year to 31-Dec-18
	\$	\$
Total sale consideration	-	3,416,084
Carrying amount of net assets disposed	-	<u>(3,216,084)</u>
Gain on sale of the business	-	<u>200,000</u>

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Note 5. Events after the reporting period

No other matters or circumstance has arisen since 31 December 2019 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.

Note 6. Contingent liabilities and contingent assets

The company has no contingent liabilities or contingent assets which require disclosure.

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2019

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Andrew Plympton

Non-Executive Chairman

28 February 2020

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61(0) 3 9286 8000

F +61(0) 3 9286 8199

www.rsm.com.au

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

We have reviewed the accompanying half-year financial report of Harris Technology Group Limited which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Harris Technology Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Harris Technology Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates the consolidated entity incurred a net loss of \$165,684 and the consolidated entity incurred net cash outflows from operating activities of \$114,560 the half-year ended 31 December 2019. As at that date the consolidated entity had net current liabilities of \$1,507,439 and net liabilities of \$5,168,692. As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Harris Technology Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



B Y CHAN
Partner

Dated: 28 February 2020
Melbourne, Victoria