ANNUAL REPORT

YEAR ENDED 30 JUNE 2020

HARRIS TECHNOLOGY GROUP LIMITED

ABN: 93 085 545 973

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

Contents

Harris Technology Group Growth Strategy

Focus on Sales and building the brands in the market	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 2020 ("**FY20**").

Review and Results of Operations

A review of Harris Technology Group for the FY 20 is contained in three parts:

1. Continuing Operations; and
2. Forward View

Continuing Operations

Harris Technology Group Limited recorded a substantial turnaround in performance. The Group used its expertise and knowledge to further develop its online IT and consumer electronics operations as well as reviewing new opportunities. HT8 established the "Pro-Hygiene" division in April 2020, which has achieved significant revenue and is profitable in a very short period of time.

The rationalisation of staff, warehousing and other overheads it was completed which allowed management to focus on developing the B2C sales channels for IT and consumer electronic products. Strong sales were experienced across the entire range of products, together with product diversification to include mobile phone accessories and consumables such as inks and toners plus gaming products. Sales of antivirus software also increased.

Forward View

In August 2020, HT8 undertook a private placement to raise $3.5 million at 8c per share and a Share Purchase Plan at 8c per share to raise a $1.4 million. With the additional capital now available, coupled with the structural shift in consumer behaviour towards increasingly shopping online, HT8 is well positioned to take advantage of the retail "revolution" in the coming months and years. The company has a proven strategy as well as experienced professional management team to drive further growth. The board of the company is confident that HT8 will continue to deliver strong revenue and improved profitability in FY2020-2021.

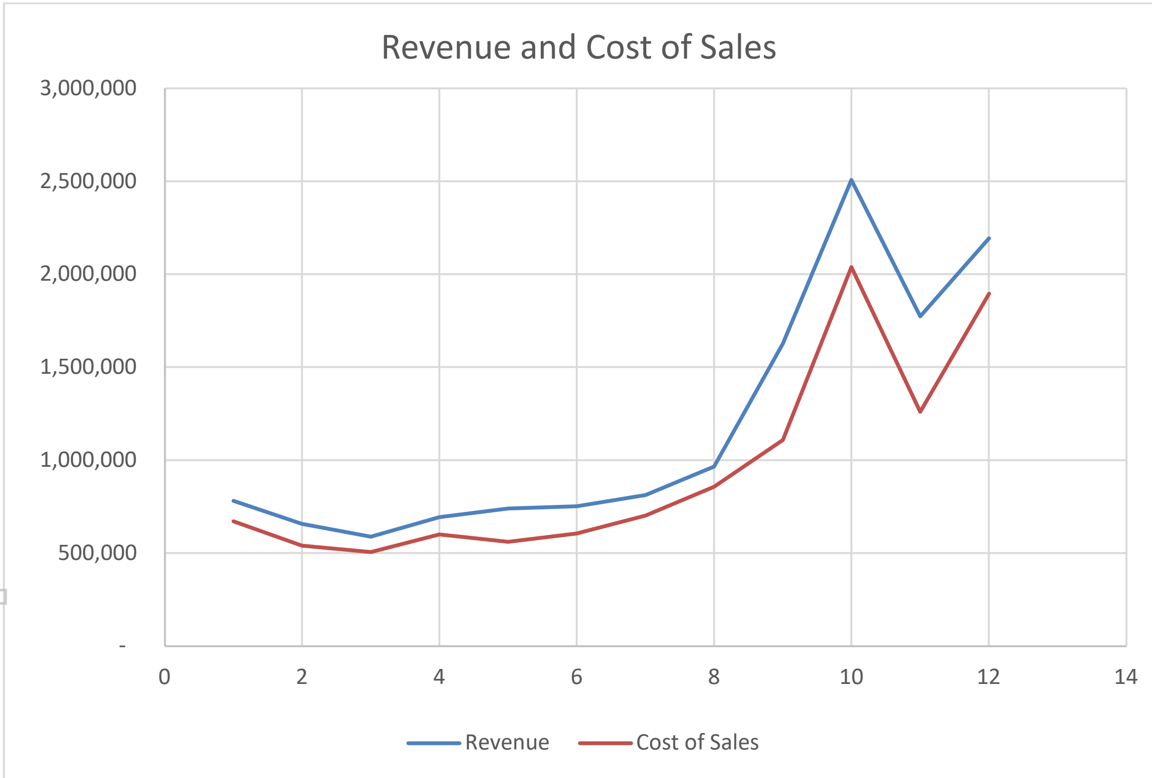
Andrew Plympton
Non-Executive Chairman
Melbourne, 30 September 2020

Garrison Huang
Managing Director
Melbourne, 30 September 2020

FY20 Summary

Full year profit and loss summary

	FY20 ($m)	FY19 ($m)	Change ($m)
Revenue from continuing operations			
Sales revenue	13.64	9.00	4.64
Other revenue	0.62	0.17	(0.10)
Total revenue	14.26	9.17	4.54
Total comprehensive (loss)/profit	1.00	(0.73)	1.73



Full year profit and loss summary - underlying

	FY20 ($m)	FY19 ($m)	Change ($m)
Non-statutory financial results include:			
Gross profit	2.67	1.00	1.67
Profit /(loss) before income tax	1.00	(0.73)	(0.73)
Total comprehensive (loss) / profit	1.00	(2.20)	(1.20)
Operating costs	(0.74)	(0.15)	(0.59)
Direct costs	(0.31)	(1.33)	(1.02)
Other costs and expenses	(0.61)	(0.25)	(0.36)

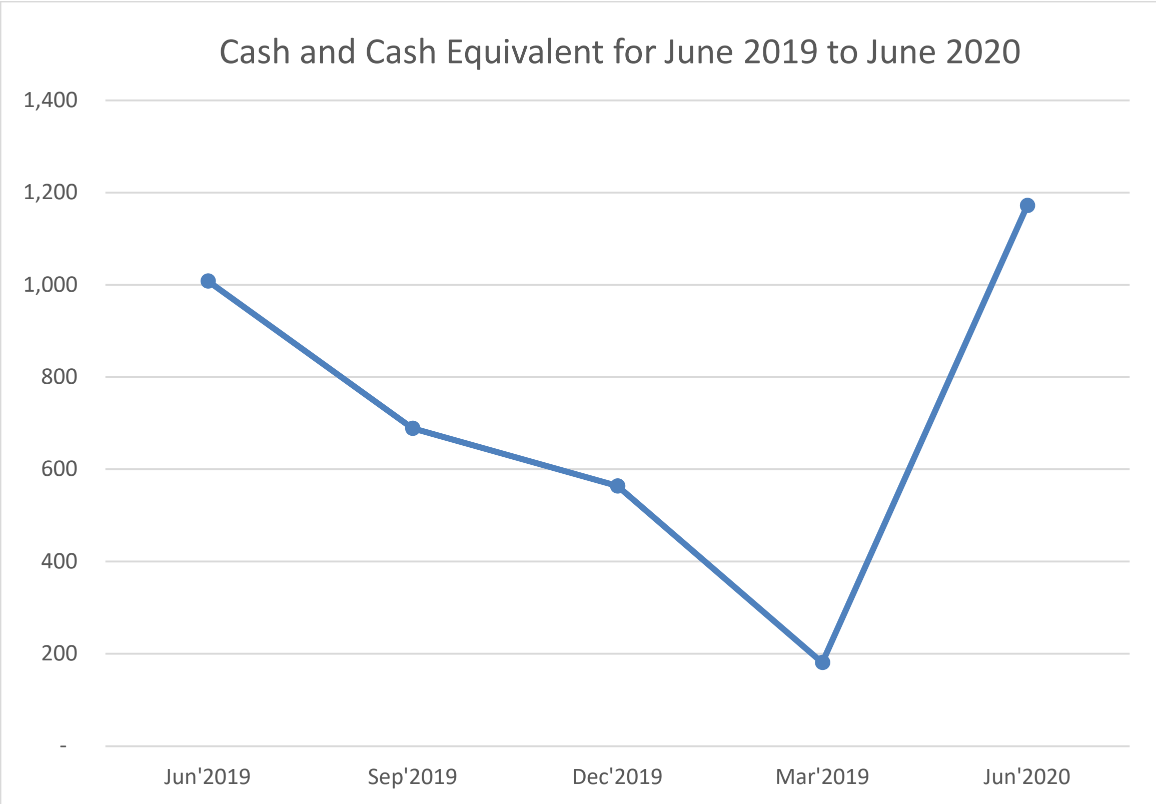
Balance Sheet

	30 Jun 20 ($m)	30 Jun 19 ($m)
Cash and cash equivalents	1.17	1.00
Inventories	3.32	0.41
Property, plant and equipment	-	0.11
Intangible assets	-	0.29
Net assets	(3.89)	(5.06)

Cash position

Cash and cash equivalents of $1,171,184 at 30 June 2020.

Based on the cash position at end of FY20 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 FY21.



Management Team

Garrison Huang

Executive Director & Chief Executive Officer

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

FY21 Strategy

Growth of revenue	◈ Capitalising on the structural shift in consumer behaviour towards online shopping
Operationally profitable	◈ Continual improvement in business processes to improve our position
Expansion of platforms and product lines	◈ Addition of further marketplace platforms ◈ Further growth of the Pro-hygiene division ◈ Commencement of the homeware and kitchenware categories

Corporate Information

DIRECTORS

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

COMPANY SECRETARY

Mr Brett Crowley

REGISTERED OFFICE

Unit 6, 94 Abbott Road
Hallam, Victoria 3803
Tel: 1300 13 99 99

AUDITORS

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

BANKER

Westpac
360 Collins Street
Melbourne Victoria 3000

SHARE REGISTRY

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

EXCHANGE LISTING

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

STATE OF INCORPORATION

Victoria

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2020)

The Directors present their report together with the financial report of the group consisting of Harris Technology Group Limited (the Company) and its controlled entities (the Group), for the financial year ended 30 June 2020 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. In addition, Mr Plympton has served as a non-executive director/ Chairman of 9 ASX listed companies over the last twenty years. Mr Plympton has extensive experience in sport and administration of the sector. He was a long term member of The Australian Olympic Committee, President of AFL club St Kilda for 8 years and continues as the longest serving director of The Australian Sports Commission (including The Australian Institute of Sport).
Other directorships held by Director in the last 3 years	In the public company sector, during the last three years Mr Plympton has also served as a director of the listed companies XPD Soccer Gear Limited (ASX: XPD) from 7 February 2015 to 3 August 2017.
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 660,000 fully paid ordinary shares which are held by an entity Mr Plympton controls.

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2020)

Garrison Huang, Executive Director

Mr Huang was appointed to the Board on 3 March 2016 as a Non-Executive Director. Mr Huang was appointed as Executive Director and CEO on 19 July 2016.

Experience and expertise	Mr. Huang came to Australia from Shanghai, where he was born, and became an Australian citizen in 1996. Mr. Huang holds a Bachelor of Engineering degree from Zhejiang University, in China, a Graduate Diploma in Computer Systems Engineering from Swinburne University and a Graduate Certificate in Marketing from Melbourne University. Mr. Huang is a co-founder of Anyware Corporation Pty Ltd – a leading IT accessory distributor in Australia. Anyware is a well-established importing and distribution business with offices and warehouses in Melbourne, Sydney, Brisbane, Perth and Adelaide. In 2015 Anyware Corporation Pty Ltd acquired Harris Technology (www.ht.com.au) from Office works, 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 83,644,992 fully paid ordinary shares which are held by an entity that Mr Huang controls.

Bob Xu, Non -Executive Director

Mr. Xu resigned as a non-executive director of the group effective on the 2 September 2020.

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 10,305,570 fully paid ordinary shares which are held by an entity that Mr Xu controls.

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2020)

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 Master's 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 4,168,968 fully paid ordinary shares in Harris Technology Group Ltd which are held by an entity Mr Chen controls and by Mr Chen personally.

Brett Crowley, Company Secretary

Mr Crowley was appointed as Company Secretary on December 2018.

Experience and expertise	Mr. Crowley is a practicing solicitor and a former Partner of Ernst & Young in Hong Kong and Australia, and of KPMG in Hong Kong. Mr. Crowley is an experienced chairman, finance director and company secretary of ASX-listed companies, and is a former Senior Legal Member of the NSW Civil and Administrative Tribunal. He has been HT8 Secretary since December 2018.

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2020)

Directors' Meeting

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	8	8
Mr. Garrison Huang	8	8
Mr. Bob Xu	8	8
Mr. Howard Chen	8	8

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*	660,000	nil
Mr. Garrison Huang *2*	83,644,992	nil
Mr. Bob Xu *3*	10,305,570	nil
Mr. Howard Chen 4	4,168,968	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.*

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2020)

Earnings Per Share

Earnings Per Share	Cents
Basic and diluted earnings per share	0.54

Dividends Paid, Recommended and Declared

No dividends were paid, declared or recommended since the start of the financial year ended 30 June 2020 (2019: 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 2020. The Company's subsidiary entities are set out in note 31 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 18 employees, inclusive of casual and part-time staff as at 30 June 2020 (2019: 14). The Group does not have consulting agreements with any contractors as at 30 June 2020 (2019: Nil).

Group Performance over the five-year period

	2020	2019	2018	2017	2016
Basic earnings/(loss) per share (cents)	0.54	(0.46)	(1.46)	(2.20)	(1.08)

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2020)

Financial position

The Group had net liabilities of $3,892,395 as at 30 June 2020 (2019: $5,063,008 net liabilities). The Group had trade and other receivables of $736,549 as at 30 June 2020 (2019: $347,965). The Group had trade and other payables of $3,125,241 as at 30 June 2020 (2019: $2,068,926).

Cash flows

The Group generated net cash inflows of $162,768 during the year ended 30 June 2020 (2019: net cash outflows $775,090). Cash inflows included receipts from customers of $15,100,485, and proceeds from borrowings of $2,043,490. Cash outflows included $15,849,021 from payments to suppliers, $13,525 from interest paid, $1,071,866 from repayments of borrowings and $46,795 from repayment of lease liabilities for the year ended 30 June 2020.

There was a cash balance at 30 June 2020 of $1,171,184 (2019: $1,008,416).

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

There were no significant changes in the state of affairs of the group during the financial year.

Significant events after the balance date

The group completed a capital raise of $3.5m through a private placement on the 11 August 2020 to existing shareholders, sophisticated and professional investors.

Mr. Bob Xu resigned as a non-executive director of the group effective on the 2 September 2020.

On the 4 September 2020, the group completed a capital raise through a share purchase plan resulting in 17.5m shares to be issued at 8c per share to raise a maximum of $1.4m.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matters or circumstances has arisen since 30 June 2020 that has significantly affected, or may significantly affect the group 's operations, the results of those operations, or the group 's state of affairs in future financial years.

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2020)

Remuneration Report (Audited)

This Remuneration Report for the year ended 30 June 2020 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)
(ii) Non-executive directors (NEDs)	
Mr Andrew Plympton	Chairman (non-executive)
Mr Bob Xu	Director (non-executive)
Mr Howard Chen	Director (non-executive)

Remuneration Report (Cont.) (Audited)

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, short term performance incentives and shares based payments where applicable.

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2020)

Remuneration Report (Cont.) (Audited)

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 group for the five years to 30 June 2020 are summarised below:

	2020	2019	2018	2017	2016
	$'000	$'000	$'000	$'000	$'000
Total sales revenue	13,639	20,031	45,657	51,069	17,790
Less: Discontinued operations	-	11,028	34,144	-	-
Sales revenue	13,639	9,003	11,513	51,069	17,790
EBITDA*	1,330	(646)	(530)	782	(5,967)
EBIT	1,272	(717)	(443)	(2,466)	(6,373)
Profit / (loss) after income tax	1,010	(732)	(567)	(3,061)	(6,510)

*EBITDA noted above includes the impact of AASB 16 in 2020.

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

	2020	2019	2018	2017	2016
Share price at financial year end ($)	0.035	0.012	0.038	0.08	0.10
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	0.54	(0.46)	(1.46)	(2.20)	(1.08)

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2020)

Remuneration Report (Cont.) (Audited)

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	2020	-	-	-	-	20,000	20,000	-
	2019	13,963	-	-	-	-	13,963	-
Non-Executive Directors								
Mr Bob Xu *1*	2020	-	-	-	-	20,000	20,000	-
	2019	43,918	-	-	-	-	43,918	-
Mr Andrew Plympton	2020	28,000	-	-	-	6,000	34,000	-
	2019	32,000	-	-	-	-	32,000	-
Mr Howard Chen	2020	-	-	-	-	20,000	20,000	-
	2019	-	-	-	-	30,000	30,000	-
Other Key Management Personnel								
Mr Brett Crowley *2*	2020	21,000	-	-	-	49,800	40,800	-
	2019	9,000	-	-	-	-	9,000	-
Total KMP	**2020**	**49,000**	**-**	**-**	**-**	**85,800**	**134,800**	
	2019	**98,881**	**-**	**-**	**-**	**30,000**	**128,881**	-

1. *Bob Xu Re-appointed Non-Executive Director in December 2018.*
2. *Brett Crowley appointed Company Secretary in December 2018*

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2020)

Remuneration Report (Cont.) (Audited)

7. Additional disclosures relating to options and shares

a. Shareholdings of key management personnel

	Balance at 1 July 2019	Acquired during the year pre-consolidation	Post-consolidation balance	Acquired/(dis-posed) during the year post-consolidation	Other movements	Balance at 30 June 2020
	No.	No.	No.	No.	No.	No.
Executive Directors						
Mr Garrison Huang *1*	80,110,489	-	-	3,534,503	-	83,644,992
Non-Executive Directors						
Mr Andrew Plympton *3*	160,000	-	-	500,000	-	660,000
Mr Howard Chen *4*	2,502,301	-	-	1,666,667	-	4,168,968
Mr Bob Xu 2	8,638,903	-	-	1,666,667	-	10,305,570
Other Key Management Personnel						
Mr Brett Crowley *5*	-	-	-	1,160,000	-	1,160,000

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 share are held by Mr Crowley personally*

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2020)

Remuneration Report (Cont.) (Audited)

b. Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2020 are set out below:

	Date	Shares	Issue price	$
Executive Directors				
Mr Garrison Huang	25/11/19	1,666,667	0.012	20,000
Non-Executive Directors				
Mr Andrew Plympton	25/11/19	500,000	0.012	6,000
Mr Howard Chen	25/11/19	1,666,667	0.012	20,000
Mr Bob Xu	25/11/19	1,666,667	0.012	20,000
Other Key Management Personnel				
Mr Brett Crowley	24/6/20	660,000	0.030	19,800

Performance rights holdings of key management personnel

There were no performance rights issued to directors and other key management personnel as part of compensation during the year ended 30 June 2020.

Options holdings of key management personnel

There were no options issued or exercised by directors and other key management personnel as part of compensation during the year ended 30 June 2020.

c. Loans from key management personnel and their related parties

Details of loans from directors of Harris Technology Group Limited and other key management personnel of the group, including their close family members and entities related to them, are set out below:

($)		2020	2019
Name of director	**Entity/Shareholder**		
Garrison Huang	Australian PC Accessories Pty Ltd <GHW A/C>	4,764,212	3,726,552
		4,764,212	**3,726,552**

The payments of principal and interest on all directors' loans have been deferred for a period through to the 1st July 2021. The interest rate charged is 5.5% for loans of $3,090,749 and 12% for the loan of $300,000, however Garrison Huang provided the Group with a debt forgiveness of $157,560 in FY20 for unpaid interest on these loans. In addition, there are interest free loans to the value of $1,373,463.

Remuneration Report (Cont.) (Audited)

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.

	2020 $	2019 $
Purchases from entities controlled by KMP and their related parties		
Rental of office and warehouse buildings *1*	60,200	250,200
Inventories *2*	22,017	188,317
Interest expense on directors' loans 3	157,560	-
Disposal of motor vehicle 4	55,000	-
Directors' salaries	28,000	89,881
Gain on debt forgiveness 3	(157,560)	(165,685)
Total related party purchases	165,217	362,713
Sales to entities controlled by KMP and their related parties		
Inventories *2*	9,583	284,981
Total related party sales	9,583	284,981

1. *Rental to Garrison Huang and his controlling entity was $60,000 in FY20 (2019: $250,200); Rental to Bob Xu's controlling entity was Nil in FY20 (2019: nil).*
2. *Inventories purchased from Bob Xu's controlling entity were $4,913 in FY20 (2019: $80,290); Inventories purchased from Howard Chen's controlling entity were $17,104 in FY20 (2019: $108,026); Inventories sold to Bob Xu's Controlling entity in FY20 were $9,583 (FY19: $17,512), Inventories sold to Howard Chen's controlling entity in FY20 were NIL (FY19: $49,162).*
3. *The Group accrued $157,560 interest expense in FY20 for loans from Garrison Huang. Garrison Huang provided the Group with a debt forgiveness of $157,560 in FY20 for unpaid interest on loans.*
4. *Motor vehicle was disposed of to Garrison Huang in FY20 for the amount of $55,000.*

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2020)

Remuneration Report (Cont.) (Audited)

($)	2020	2019
Current payables to entities controlled by KMP		
Trade payables – Inventories	10,687	-
Current receivables from entities controlled by KMP		
Trade receivables – Inventories	9,583	4,280

For the period up to the 30 June 2020, the following arm's length transactions took place:

- APCA purchases inventories from AZA International Pty Ltd for its ordinary business activities at arm's length.
- Harris Technology Pty Ltd purchases inventories from MOKI International whose director is Howard Chen for its ordinary business activities at arm's length.

This concludes the remuneration report, which has been audited.

Environmental regulation

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

Shares issued during the year

5,500,0001 shares were issued in lieu of a Director's accrued and outstanding fees of $660,000.

660,000 shares were issued in lieu of Consultant's accrued and outstanding fees of $19,800.

Share under options

Unissued ordinary shares of the Company under option at the date of this report are outlined in note 34 of the financial statements.

Share under performance rights

Unissued ordinary shares of the Company under performance rights at the date of this report are outlined in note 34 of the financial statements.

Share issued on the exercise of options

There were no ordinary shares of the Company issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2020)

Share issued on the exercise of performance rights

There were no ordinary shares of the Company issued on the exercise of performance rights during the year ended 30 June 2020 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company has not paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001.

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 Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Tax consolidation

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

Officers of the Company who are former partner of RSM Australia Partners

There are no officers of the Company who are former partners of RSM Australia Partners.

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2020)

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 30 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Signed in accordance with a resolution of the Directors

Andrew Plympton
Non-Executive Chairman

Melbourne, 30 September 2020

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 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 30 September 2020
Melbourne, Victoria

Corporate Governance Statement

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

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

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

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(FOR THE YEAR ENDED 30 JUNE 2020)

($)	Notes	2020	2019
Revenue			
Sales revenue	7	13,638,567	9,003,268
Direct costs		(10,968,591)	(8,007,879)
Gross profit		**2,669,976**	**995,389**
Other income	7	676,097	169,346
Distribution expenses		(184,124)	(120,808)
Marketing expenses		(173,997)	(106,217)
Transaction expenses		(48,201)	(87,798)
Employee contractor and director expenses		(925,104)	(858,094)
Occupancy costs		(18,404)	(163,790)
Technology expenses		(61,903)	(113,505)
Holding company expenses		(291,525)	(194,384)
Depreciation and amortisation expenses	8	(58,056)	(20,588)
Impairment expense	8	(298,813)	(173,537)
Other expenses	8	(18,311)	(41,247)
Finance costs	8	(262,771)	(14,741)
Exchange gain / (loss)		4,659	(2,062)
Profit /(loss) before income tax		**1,009,522**	**(732,036)**
Income tax benefit / (expense)	9	-	-
Profit / (loss) from continuing operations		**1,009,522**	**(732,036)**
Discontinued operations	5	-	(1,470,613)
Total comprehensive Profit / (loss) for the period		**1,009,522**	**(2,202,649)**
Earnings per share from profit / (loss)			
- Basic earnings / (loss) per share	10	0.54	(1.40)
- Diluted earnings / (loss) per share	10	0.54	(1.40)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(AS AT 30 JUNE 2020)

($)	Notes	2020	2019
Current Assets			
Cash and cash equivalents	11	1,171,184	1,008,416
Trade and other receivables	12	736,549	347,965
Inventories	13	3,322,985	405,123
Prepayments and deposits	14	36,800	34,727
Total Current Assets		5,267,518	1,796,231
Non-current Assets			
Property, plant and equipment	16	-	109,744
Right of use asset	17	198,524	-
Intangible assets	15	-	291,867
Total Non-current Assets		198,524	401,611
Total Assets		**5,466,042**	**2,197,842**
Current Liabilities			
Trade and other payables	18	3,125,241	2,068,926
Financial liability	19	867,727	1,408,472
Deferred revenue	20	318,369	-
Lease Liability	21	50,594	-
Employee benefit liabilities	22	66,022	53,578
Total Current Liabilities		4,427,953	3,530,976
Non-current Liabilities			
Financial liability	19	4,764,212	3,726,553
Lease liability	21	155,279	-
Employee benefit liabilities	22	11,993	3,321
Total Non-current Liabilities		4,931,484	3,729,874
Total Liabilities		**9,359,438**	**7,260,850**
Net Assets / (Net Deficiency of Assets)		**(3,893,395)**	**(5,063,008)**
Equity			
Contributed equity	23	7,803,124	7,654,915
Accumulated losses	25	(11,707,951)	(12,717,472)
Reserves	24	11,432	-
Total Equity		**(3,893,395)**	**(5,063,008)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(FOR THE YEAR ENDED 30 JUNE 2020)

($)	Share Capital	Reserves	Accumulated Losses	Total Equity
At 1 July 2019	**7,654,464**	**-**	**(12,717,472)**	**(5,063,008)**
Profit for the period	-	-	1,009,522	1,009,522
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	-	**1,009,522**	**1,009,522**
Transactions with owners in their capacity as owners				
Contributions of equity	148,660	-	-	148,660
Share based payment	-	11,432	-	11,432
At 30 June 2020	**7,803,124**	**11,432**	**(11,707,950)**	**(3,893,395)**

($)	Share Capital	Reserves	Accumulated Losses	Total Equity
At 1 July 2018	**7,594,915**	**-**	**(10,514,823)**	**(2,919,808)**
Loss for the period	-	-	(2,202,649)	(2,202,649)
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**(2,202,649)**	**(2,202,649)**
Transactions with owners in their capacity as owners				
Share based payment	59,549	-	-	59,549
At 30 June 2019	**7,654,464**	**-**	**(12,717,472)**	**(5,063,008)**

CONSOLIDATED STATEMENT OF CASH FLOWS

(FOR THE YEAR ENDED 30 JUNE 2020)

($)	Notes	2020	2019
Cash flows from operating activities			
Receipts from customers		15,100,485	24,034,412
Payments to suppliers and employees		(15,849,021)	(24,923,562)
Interest paid		(13,525)	-
Net cash flows (used in) / provided by operating activities	11	**(762,061)**	**(889,150)**
Cash flows from investing activities			
Disposal of business, net of cash consideration		-	3,416,084
Payments for property, plant and equipment		-	17,000
Net cash flows (used in) / provided by investing activities		**-**	**3,443,084**
Cash flows from financing activities			
Proceeds from borrowings		2,043,490	-
Repayment of borrowings		(1,071,866)	(3,319,024)
Repayment of lease liabilities		(46,795)	-
Net cash flows (used in) / provided by financing activities		**924,829**	**(3,319,024)**
Net increase / (decrease) in cash and cash equivalents		**162,768**	**(775,090)**
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	11	**1,171,184**	**1,008,416**

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2020)

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 2020 was authorised for issue in accordance with a resolution of the Directors on 29 September 2020.

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) Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standard 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 group :

AASB 16 Leases

The group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications 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 (included in operating costs) 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 117. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 on opening retained earnings as at 1 July 2019 was as follows:

	1 July 2019 **$**
Operating lease commitments as at 1 July 2019 (AASB 117)	181,500
Finance lease commitments as at 1 July 2019 (AASB 117)	-
Operating lease commitments further term option reasonably certain to be exercised (AASB 16)	108,255
Operating lease commitments discounted 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)	-
Right-of-use asset (AASB 16)	252,667
Lease liabilities – current (AASB 16)	(46,795)
Lease liabilities – non-current (AASB 16)	(205,872)
Impact on opening retained earnings as at 1 July 2019	-

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(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 group had net cash outflows from operating activities of $762,061 for the year ended 30 June 2020. As at that date the group had net liabilities of $3,892,395.

The Directors believe that it is reasonably foreseeable that the group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The group has prepared budgets and cash flow forecasts for the next 12 months from the date of this report which indicate the group will have a positive cash balance during this period;
- Subsequent to year end, the group raised funds of $4.9m through a private placement of $3.5m and a capital raise from a share purchase plan of $1.4m to support its business plan;
- The Directors with loans to the group , equating to $4,764,212 of debt as at 30 June 2020, have irrevocably deferred monthly payments of principal and interest on loans for a period through to 1 July 2021 , or sooner if the group has the capacity to repay these loans without impacting the ongoing viability of the group ; and
- The Directors are negotiating with an external loan holder to extend the repayment terms of a $867,727 loan, as disclosed in Note 19 Financial Liability, and are confident that the loan extension will be successful.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2020. 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; and
- 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(e) Revenue recognition

The group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Discontinued operations

A discontinued operation is a component of the group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

(g) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(g) Income tax and other taxes (Cont.)

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.

Goods and Services Tax ('GST') and other similar 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.

(h) 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.

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(j) 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.

(k) 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(k) Intangibles assets other than goodwill (Cont.)

Impairment of other intangible assets

Other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(l) 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:

Motor vehicles	5 - 6 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(m) 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.

(n) 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 the shorter. Where the group 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.

The group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(o) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(p) 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.

(q) 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.

(r) 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 to be 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 group'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.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(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 group 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(u) Employee benefits

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

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

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

(v) Contract liabilities

Contract liabilities represent the group 's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the group has transferred the goods or services to the customer.

(w) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(x) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(x) Share based payments (Cont.)

Equity settled transactions

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.

(y) 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.

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(z) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2020. The group 's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group , are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the group 's financial statements.

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.

	2020 $	2019 $
Financial assets		
Cash and cash equivalents (interest bearing)	1,171,184	778,808
Financial liabilities		
Interest bearing liabilities – floating rate (current)	-	-
Interest bearing liabilities – fixed rate (current)	(918,321)	(1,408,472)
Interest bearing liabilities – fixed rate (non-current)	(3,546,027)	(3,726,553)
Net exposure on interest bearing liabilities	**(3,293,164)**	**(4,356,217)**
Non-interest bearing liabilities – non-current	(1,373,463)	-
Total net exposure on liabilities	**(4,666,627)**	**(4,356,217)**

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

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 2020, 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)	
	2020	**2019**	**2020**	**2019**
Consolidated				
+1% (100 basis points)	(46,666)	(43,562)	(46,666)	(43,562)
- 1% (100 basis points)	46,666	43,562	46,666	43,562

The movements in post-tax profit / (loss) and other comprehensive income are due to a larger net exposure as at 30 June 2020. The sensitivity is higher in 2020 than in 2019 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.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the group based on recent sales experience, historical collection rates and forward-looking information that is available.

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2020)

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

Foreign currency risk

The groups exposure to currency risk is minimal at this stage of its operations.

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 2020, 45.12% of the Group's financial liabilities will mature in less than one year (2019: 48.63%).

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 2020.

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

Year ended 30 June 2020 ($)	< 1 year	1-2 years	2-5 years	> 5 years	Total
Financial assets					
Cash and cash equivalents	1,171,184	-	-	-	1,171,184
Trade and other receivables	736,549	-	-	-	736,549
	1,907,733	**-**	**-**	**-**	**1,907,733**
Financial liabilities					
Trade and other payables	3,125,641	-	-	-	3,124,641
Loan and interest payable	867,727	-	-	-	867,727
Lease liabilities	50,594	113,575	41,703	-	205,873
Directors' loans*	-	4,764,212	-	-	4,764,212
	(4,043,962)	**(4,877,787)**	**41,703**	**-**	**(8,963,452)**
Net maturity	**(2,136,229)**	**(4,764,212)**	**-**	**-**	**(7,055,719)**

**The repayments of directors' loans have been irrevocably deferred for a period through to 1st July 2021*

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

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

Year ended 30 June 2019 ($)	< 1 year	1-2 years	2-5 years	> 5 years	Total
Financial assets					
Cash and cash equivalents	1,008,416	-	-	-	1,008,416
Trade and other receivables	347,965	-	-	-	347,965
	1,356,381	**-**	**-**	**-**	**1,356,381**
Financial liabilities					
Trade and other payables	2,068,926	-	-	-	2,068,926
Loan and interest payable	1,408,472	-	-	-	1,408,472
Directors' loans	-	3,726,553	-	-	3,726,553
	(3,477,398)	**(3,726,553)**	**-**	**-**	**(7,203,951)**
Net maturity	**(2,121,017)**	**(3,726,553)**	**-**	**-**	**(5,847,570)**

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.

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.

Allowances for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 12, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT.)

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the group 's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances

5. DISCONTINUED OPERATION

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

(a) Financial Performance ($)	**2020**	**2019**
Sales revenue	-	11,027,280
Direct costs	-	(10,513,610)
Impairment expenses	-	(499,954)
Depreciation and amortisation expenses	-	(39,711)
Employee expenses	-	(487,602)
Finance costs	-	-
Other expenses	-	(1,157,016)
Gain on sale of the business	-	200,000
Loss from discontinued operation	**-**	**(1,470,613)**

5. DISCONTINUED OPERATION (CONT.)

(b) Cashflow information – ($)	**2020**	**2019**
Net cash from operating activities	-	(404,913)
Net cash from investing activities	-	3,663,702
Net cash from financing activities	-	(4,323,066)
Net decrease in cash and cash equivalents from discontinued operations	**-**	**(1,064,277)**

(c) Carrying amounts of assets and liabilities disposed ($)	**2020**	**2019**
Trade and other receivables	-	382,693
Inventories	-	3,482,067
Trade and other payables	-	(431,273)
Employee benefit liabilities	-	(217,316)
Net assets	**-**	**3,216,171**

(d) Details of the sale of business ($)	**2020**	**2019**
Total disposal consideration	-	3,416,084
Carrying amount of net assets sold	-	(3,216,084)
Gain on sale before income tax	**-**	**200,000**

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Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2020)

6. PARENT ENTITY INFORMATION

Information relating to Harris Technology Group Ltd – Parent ($)	2020	2019
Current assets	4,669	1,305
Non-Current Asset	198,524	-
Total Assets	203,193	1,305
Current liabilities	(391,492)	(1,315,488)
Non-Current Liabilities	(1,191,794)	(300,000)
Total liabilities	(1,583,286)	(1,615,488)
Net liabilities	(1,380,093)	(1,614,183)
Issued capital	8,899,293	8,899,293
Accumulated losses	(10,279,386)	(10,513,476)
Share based payments reserve	-	-
Total shareholders' equity	(1,380,093)	(1,614,183)
Profit / (loss) after tax of the parent entity	234,090	308,780
Total comprehensive Profit / (loss) of the parent entity	234,090	308,780

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the group , as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

7. REVENUE

($)	2020	2019
Revenue from operating activities		
Sale of goods	13,638,567	9,003,268
Total sales revenue	**13,638,567**	**9,003,268**

($)	2020	2019
Other income		
Interest receive	2,154	1,920
Sundry income	36,009	11,496
Government grants	35,760	-
Gain on debt forgiveness	608,005	135,653
Loss on the disposal of non-current asset	(55,831)	(15,223)
Gain on sale of business	50,000	35,500
Total other income	**676,097**	**169,346**

8. EXPENSES

($)	2020	2019
Other expenses		
Sundry expenses	18,311	41,247
Total other expenses	**18,311**	**41,247**
Depreciation		
Motor vehicle	3,913	20,588
Building - Right-of-use	54,143	-
Total depreciation	**58,056**	**20,588**
Impairment expense		
Intangible assets	291,866	64,961
Allowance for expected credit losses	6,947	108,576
Total impairment expense	**298,813**	**173,537**
Finance costs		
Interest expense	249,246	14,741
Interest expense – lease liability	13,525	-
Total finance costs	**262,771**	**14,741**

9. INCOME TAX

($)	2020	2019
Current tax	-	-
Deferred tax	-	-
Income tax (expense) / benefit	**-**	**-**
A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Group's applicable income tax rate is as follows:		
Profit before income tax expense from continuing operations	1,009,522	(732,036)
Loss before income tax expense from discontinued operations	-	(1,470,614)
	1,009,522	**(2,202,650)**
At the Group's statutory income tax rate of 27.5% (2019: 30%)	277,618	(660,795)
Tax effect amounts which are not deductible / (taxable) in calculating taxable income:		
Impairment expense	82,174	19,488
Deferred tax assets not recognised	-	641,307
Tax losses utilised	(359,792)	-
Income tax (expense) / benefit	**-**	**-**
Unused tax losses for which no deferred tax asset has been recognised	**4,023,825**	**4,383,668**

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 group 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.

9. INCOME TAX (Cont.)

Unrecognised temporary differences

At 30 June 2020 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 2020 (2019: 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:

	2020	2019
Basic and diluted (loss)/earnings per share (cents)		
Continuing operations	0.54	(0.46)
Discontinued operation	-	(0.94)
Basic and diluted (loss)/earnings per share from total comprehensive income	**0.54**	**(1.40)**
Total comprehensive (loss)/profit for the year ($)	1,009,522	(2,202,649)
Weighted average number of ordinary shares used in calculating basic earnings per share	191,134,778	157,652,586
Weighted average number of ordinary shares used in calculating diluted earnings per share	191,134,778	157,652,586

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2020)

11. CASH AND CASH EQUIVALENTS

	Consolidated	
($)	2020	2019
Cash at bank and on hand	1,171,184	1,008,416
	1,171,184	**1,008,416**

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

Reconciliation of net (loss) / profit after tax to net operating cash flows	**2020 $**	**2019 $**
Net Profit / (loss) after tax from continuing operation	1,009,522	(732,036)
Operations	-	(1,470,613)
Net (loss) / profit after tax	1,009,522	(2,202,649)
Non-cash items		
Depreciation and amortisation	3,913	20,588
(Gain)/loss on the disposal of non-current assets	54,143	362,041
Share based payment	82,060	59,549
Impairment expense	291,866	64,961
(Gain)/loss on de-recognition of AER	77,372	-
(Gain)/loss on debt forgiveness	(368,878)	(135,653)
Changes in operating assets and liabilities		
(Increase) / decrease in trade and other receivables	(388,584)	3,989,122
(Increase) / decrease in prepayments and deposits	(2,072)	116,951
(Increase) / decrease in inventories	(2,917,862)	2,454,366
Increase / (decrease) in trade and other payables	1,056,976	(5,406,775)
Increase / (decrease) in unearned income	318,369	-
Increase / (decrease) in employee benefit liabilities	21,116	(211,651)
Net cash flows provided by/(used in) operating activities	**(762,061)**	**(889,150)**

12. TRADE AND OTHER RECEIVABLES

$	Consolidated 2020	2019
Trade and other receivables	993,846	654,852
Allowance for expected credit losses	(257,297)	(306,887)
	736,549	**347,965**

Allowance for expected credit losses

The group has recognised a loss of $6,947 (2019: $306,887) in profit or loss in respect of the expected credit losses for the year ended 30 June 2020.

Consolidated	Expected credit loss rate 2020 %	2019 %	Carrying amount 2020 $	2019 $	Allowance for expected credit losses 2020 $	2019 $
Not overdue	1%	1%	632,537	217,300	6,324	2,173
0 to 3 months overdue	10%	10%	54,393	63,443	5,439	6,344
Over 3 months overdue	80%	80%	306,916	374,108	245,532	298,370
			993,846	654,851	257,297	306,887

Movements in the allowance for expected credit losses as follows:

$	Consolidated 2020	2019
Opening balance	306,887	-
Additional provision recognised	6,947	306,887
Receivables written off during the year as uncollectable	(56,537)	-
Closing Balance	**257,297**	**306,887**

13. INVENTORIES

($)	Consolidated 2020	2019
Inventories	3,912,214	1,146,273
Provision for stock obsolescence	(589,229)	(741,150)
	3,322,985	**405,123**

14. PREPAYMENTS AND DEPOSITS

($)	Consolidated 2020	2019
Prepayments	36,800	12,154
Deposits	-	22,573
	36,800	**34,727**

15. INTANGIBLE ASSETS

($)	Software	Total
Gross carrying amount		
At 1 July 2019	291,867	291,867
Impairment	(291,867)	(291,867)
At 30 June 2020	**-**	**-**

In 2019, Harris Technology Limited acquired 100% of LINCD HQ Pty Ltd (LINCD) assets from First Growth Funds Limited. LINCD is a software and services company that has developed a platform connecting legacy software to blockchain protocols. In 2020, the intangible asset amount was fully impaired.

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2020)

16. PROPERTY, PLANT AND EQUIPMENT

	Office and warehouse equipment $	Improvement $	Computer $	Motor vehicles $	Total $
Gross carrying amount					
At 1 July 2019	-	-	-	154,687	**154,687**
Additions	-	-	-	-	**-**
Disposal	-	-	-	(154,687)	**(154,687)**
At 30 June 2020	**-**	**-**	**-**	**-**	**-**
Depreciation and impairment					
At 1 July 2019	-	-	-	(44,943)	**(44,943)**
Depreciation charge for the year	-	-	-	(3,913)	**(3,913)**
Disposal	-	-	-	48,856	**48,856**
At 30 June 2020	**-**	**-**	**-**	**-**	**-**
Net carrying amount					
At 30 June 2020	**-**	**-**	**-**	**-**	-
At 30 June 2019	-	-	-	109,744	**109,744**

17. RIGHT-OF-USE ASSETS

	Consolidated	
($)	**2020**	**2019**
Buildings – right-of-use	252,667	-
Less: Accumulated depreciation	(54,143)	-
At 30 June 2020	**198,524**	**-**

The group leases land and buildings for its office and warehouse under an agreement of 3 years.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

($)	**Building Right-of-use**
Balance at 1 July 2019 Recognition of Right of use asset on adoption of AASB 16 (Note 2)	252,667
Depreciation expense	(54,143)
At 30 June 2020	**198,524**

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2020)

18. TRADE AND OTHER PAYABLES

Trade and other payables - current ($)	Consolidated 2020	Consolidated 2019
Trade payables	3,125,241	2,002,377
Other payables	-	66,549
	3,125,241	**2,068,926**

Terms and conditions of the above financial liabilities:

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

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

Fair value

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

Foreign exchange and interest rate risk

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

19. FINANCIAL LIABILITY

Financial liability ($)	Consolidated 2020	Consolidated 2019
At 1 July 2018		
Secured		
Equipment finance	-	39,593
Unsecured		
Loan and interest payable	867,727	1,368,879
Total Current	**867,727**	**1,408,472**
Secured		
Equipment finance	-	-
Unsecured		
Directors' Loans (Note 26)	4,764,212	3,726,553
Total Non-current	**4,764,212**	**3,726,553**
Total	**5,631,939**	**5,135,025**

The payments of principal and interest on all directors' loans have been deferred for a period through to 1st July 2021.

20. DEFERRED REVENUE

($)	Consolidated 2020	2019
Deferred revenue	**318,639**	**-**

AASB 15 uses the term 'contract liabilities'. To maintain consistency in presentation with prior periods, the Group has retained the use of 'deferred revenue', respectively.

21. LEASE LIABILITY

($)	Consolidated 2020	2019
Lease liability – current	50,594	-
Lease liability – non-current	155,279	-
At 30 June 2020	**205,873**	**-**

Refer to note 2 for further information on AASB 16 implementation.

22. EMPLOYEE BENEFIT LIABILITIES

($)	Consolidated 2020	2019
Current		
Annual leave	54,187	42,629
Long service leave	11,835	10,949
	66,022	**53,578**
Non-current		
Long service leave	11,992	3,321
	11,993	**3,321**

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2020)

23. CONTRIBUTED EQUITY

Issued and paid up capital ($)	2020	2019
Ordinary shares		
Ordinary shares fully paid	7,803,124	7,654,464
Listed options	-	-
Contributed equity	**7,803,124**	**7,654,464**

Movements in ordinary shares on issue	Number of Shares	$
Opening balance	185,001,811	7,654,464
Shares issued during the year:		
Issue of shares in satisfaction of directors' fees	5,500,001	66,000
Issue of share to consultants	1,433,669	49,800
Issue of shares to employees under Long Term Incentive plan	1,060,000	32,860
Closing balance	**192,995,481**	**7,803,124**

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.

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2020)

24. RESERVES

($)	Consolidated 2020	2019
Share-based payments reserve	11,432	-
Reserves	**11,432**	**-**

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

25. ACCUMULATED LOSSES

($)	Consolidated 2020	2019
Balance at beginning of financial year	(12,717,472)	(10,514,823)
Dividend paid	-	-
Net profit/(loss) for the year	1,009,522	(2,202,649)
Balance at end of financial year	**(11,707,950)**	**(12,717,472)**

26. DIRECTORS' LOANS

The loan balances as of 30 June 2020 are set out as below.

($)		2020	2019
Name of director	**Entity/Shareholder**		
Garrison Huang	Australian PC Accessories Pty Ltd <GHW A/C>	4,764,212	3,726,553
		4,764,212	**3,726,553**

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2020)

27. COMMITMENTS

Operating lease commitments ($)	2020	2019
Operating leases contracted		
Within one year	-	71,500
After one year but not more than five years	-	110,000
More than five years	-	-
	-	**181,500**

28. CONTINGENT ASSETS AND LIABILITIES

The Company has no contingent assets and no contingent liabilities which require disclosure.

29. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The group completed a capital raise of $3.5m through a private placement on 11 August 2020 to existing shareholders, sophisticated and professional investors.

Mr. Bob Xu resigned as a non-executive director of the group effective on the 2 September 2020.

On the 4 September 2020, the group completed a capital raise through a share purchase plan resulting in 17.5m shares to be issued at 8c per share to raise a maximum of $1.4m.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matters or circumstances has arisen since 30 June 2020 that has significantly affected, or may significantly affect the group 's operations, the results of those operations, or the group 's state of affairs in future financial years.

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2020)

30. AUDITOR'S REMUNERATION

($)	2020	2019
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 group paid to RSM Australia Partners	43,400	55,000
Other services	600	2,500
	44,000	**57,500**

31. RELATED PARTY DISCLOSURE

(a) Subsidiary

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

Name of entity	Country of Incorporation	% of Equity interest	
		2020	**2019**
APCA Trading Pty Ltd	Australia	100	100
Harris Technology Pty Ltd	Australia	100	100
AER Group Pty Ltd*	Australia	-	100
Lincd HQ Pty Ltd	Australia	100	100

**AER Group Pty Ltd brand Wow Baby was sold to Witton Construction Pty Ltd*

(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 2020, those loans have been eliminated in the balance sheet.

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2020)

31. RELATED PARTY DISCLOSURE (Cont'd)

(d) Other related party transactions

During the financial year ended 30 June 2020, there were a total of $4,764,212 Directors' loans reported by the Group, refer to note 26 (2019: $3,726,533).

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.

32. KEY MANAGEMENT PERSONNEL

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

($)	2020	2019
Short-term employee benefits	49,000	98,881
Post-employment benefits	-	-
Share based payments	85,800	30,000
	134,800	**128,881**

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.

33. SEGMENT REPORTING

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.

34. SHARE-BASED PAYMENTS

Performance Rights

On 5 July 2017, 1,070,000 shares were issued to key management personnel at an issue price of 0.09 per share and a total transactional value of $95,800. Under the LTI plan, selected employees may be granted performance rights which will entitle them to receive ordinary shares in the Company, subject to the Company meeting performance objectives.

Set out below are summaries of options granted under the plan:

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
5/7/2017	5/7/2020	$0.09	100,000	-	-	-	100,000
			100,000	-	-	-	100,000

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
5/7/2017	5/7/2020	$0.09	1,070,000	-	(350,000)	(620,000)	100,000
			-	-	(350,000)	(620,000)	100,000

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2020)

34. SHARE-BASED PAYMENTS (Cont.)

Options

In June 2020, Harris Technology Limited (HT8) awarded 1,100,000 options to employees in recognition of their performance for no cash consideration. The 11 employees did not include any directors or related parties of HT8. The exercise price of the options are as follows:

- 100,000 options to be exercised at 1.7c each.
- 100,000 options to be exercised at 3.4c each.
- 900,000 options to be exercised at 4c each.

The following specific terms and conditions will apply to the options:

- The expiry date of each option shall be 12 months from the date of issue.
- Each option shall lapse upon the termination of employment of the individual
- Each share issued on exercising the option shall be subject to voluntary escrow for 12 months from the date of issue

In August 2019, Harris Technology Limited (HT8) entered into an agreement with First Growth Funds (FGF) to a acquire 100% of Lincd HP Pty Ltd (Lincd), a software and services company that has developed a platform connecting legacy software to blockchain protocols. The acquisition terms included:

- 30,000,000 of HT8 shares to be issued to FGF.
- 20,055,334 of HT8 options with exercise price of $0.025 to FGF, when Lincd generates no less then $1.35m in revenue within 24 months of the issue date.
- 20,000,000 of HT8 options with exercise price of $0.025 to FGF, when Lincd generates no less than $1.35m in revenue within 24 months of the issue date.

Set out below are summaries of options granted:

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/5/2019	24/6/2021	$0.025	20,055,334	-	-	-	20,055,334
24/5/2019	24/6/2021	$0.035	20,000,000	-	-	-	20,000,000
25/6/2020	25/6/2021	$0.017	-	100,000	-	-	100,000
25/6/2020	25/6/2021	$0.034	-	100,000	-	-	100,000
25/6/2020	25/6/2021	$0.040	-	900,000	-	-	900,000
			40,055,334	1,100,000	-	-	41,155,334

34. SHARE-BASED PAYMENTS (Cont.)

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/5/2019	24/6/2021	$0.025	-	20,055,334	-	-	20,055,334
24/5/2019	24/6/2021	$0.035	-	20,000,000	-	-	20,000,000
			-	40,055,334	-	-	40,055,334

Directors' Declaration

(For the Financial Year Ended 30 June 2020)

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 2020 are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the group 's financial position as at 30 June 2020 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 2020.

On behalf of the Board

Andrew Plympton
Non-Executive Chairman

Melbourne 30 September 2020

RSM Australia Partners

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

Opinion

We have audited the financial report of Harris Technology Group Limited (the Company), and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

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

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed this matter
Stock Obsolescence Refer to Note 13 in the financial statements	
The Group's inventory balance, as disclosed in Note 13, consists primarily of finished goods of various technology products and solutions. Inventory is valued at the lower of cost or net realisable value. The assessment of the net realisable value of inventory requires a significant degree of management judgment. It includes assumptions concerning the provision for obsolescence, as well as future market conditions based on changing customer needs and market trends. On the basis of the factors set out above, the valuation of inventory was considered to be a Key Audit Matter.	Our audit procedures included: • Evaluating management assumptions and estimates applied to the provision for obsolescence through analysis of historical sales levels by inventory product from the date the product was purchased in conjunction with assessing the quantity of products; • Assessing the Group's application of its policy for determining the provision for obsolescence; • Performing analytical procedures in respect of inventory holdings and inventory turnover; and • Testing the sales prices of inventory to ensure inventory is not being sold at less than cost.
Going Concern Refer to Note 2 (c) in the financial statements	
The financial statement have been prepared on a going concern basis as disclosed in Note 2(c). Historically, the Group has been loss making, with operating cash outflows, net current liabilities, and net liabilities. We included the going concern assumption as a Key Audit Matter as it relies on existing cash reserves, continued support from its debt holders, and continued revenue growth and profitability.	Our audit procedures included: • Assessing the cash flow requirements of the Group through to September 2021 based on budgets and forecasts and considering potential downside scenarios and the resultant impact on available funds; • Understanding what forecast expenditure is committed and what could be considered discretionary; • Considering the successful capital raising events subsequent to the end of the financial year; and • Considering the terms of debt facilities and the impact of the deferral of monthly loan repayments on loans from directors.

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 2020 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 2020.

In our opinion, the Remuneration Report of Harris Technology Group Limited, for the year ended 30 June 2020, 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

B Y CHAN
Partner

Dated: 30 September 2020
Melbourne, Victoria

Additional Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 29 September 2020 (**Reporting Date**).

Corporate Governance Statement

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

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

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

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

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

Substantial holders

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

Holder of Equity Securities	Class of Equity Securities	Number of Equity Securities held	% of total, issued securities capital in relevant class
Australian PC Accessories Pty Ltd	Ordinary Shares	81,777,156	32.070%

Number of holders

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

Class of Equity Securities	Number of holders
Fully Paid Ordinary Shares	2,945
eStore vendor shares held in voluntary escrow until further notice	1
Options at various prices	6

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 2,945 holders of a total of 254,995,481 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	1,453	158,331	0.06
1,001 – 5,000	355	1,030,555	0.40
5,001 – 10,000	222	1,810,021	0.71
10,001 – 100,000	722	24,932,273	9.78
100,001 – 9,999,999,999	103	227,064,301	89.05
Totals	**2,945**	**254,995,481**	**100.00**

Distribution of options holders

Holdings Ranges	Holders of Options		%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	6	-	100
100,001 – 9,999,999,999	-	-	-
Totals	**6**	**-**	**100**

Distribution of escrowed shares

Holdings Ranges	Holders	Total Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 – 9,999,999,999	1	321,661	100
Totals	**1**	**321,661**	**100**

Less than marketable parcels of ordinary shares (UMP Shares)

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

Total Securities	UMP Shares	UMP Holders	% of issued shares held by UMP holders
254,995,481	989,464	1,769	0.388

Voluntary escrow

Class of restricted securities	Type of restriction	Number of securities	End date of escrow period
Ordinary Shares	Voluntary escrow	321,661	Until further notice

Unquoted equity securities

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

Class of restricted securities	Number of unquoted Equity Securities	Number of Holders
Options	600,000	6

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

On-market buyback

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

On-market purchase of securities under employee incentive scheme

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

Twenty largest shareholders

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

Holder Name	Balance as at Reporting Date	%
Australian PC Accessories	81,777,156	32.07
Mr Weiyu Zhang	8,844,086	3.46
Welland Industrial Co Ltd	8,216,242	3.22
Cha Shin Chi Investment Co Ltd	5,488,969	2.15
Aza International (Aust)	5,098,920	2.00
Ping Shen	4,545,455	1.78
Ping Yu	4,136,097	1.62
Citicorp Nominees Pty Limited	3,863,186	1.51
Hunter Capital Advisors Pty Ltd	3,650,000	1.43
BNP Paribas Noms Pty Ltd	3,614,536	1.41
LTL Capital Pty Ltd	3,350,000	1.31
H & J Investment Pty Ltd	3,315,444	1.30
David Davidson	3,000,000	1.17
Alistair Campbell & Karen Campbell	2,790,625	1.09
Mr Junji Kamoshida	2,583260	1.01
Adrian Pony Pty Ltd	2,500,000	0.98
Evaneu (Nominees) Pty Ltd & Ricneu Nominees Pty Ltd	2,450,000	0.96
Mr Guo Qiang Xia	2,415,602	0.94
Beaumy Pty Ltd	2,399,535	0.94
Sargon Ct Pty Ltd	2,300,000	0.90
Total number of shares of Top 20 Holders	**156,339113**	**61.31%**
Total Remaining Holders Balance	**98,656,368**	**38.69%**

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 Mr. Brett Crowley

Registered Office

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

Unit 6, 94 Abbott Road,
Hallam, Victoria 3803

Tel: 1300 13 99 99

Share Registry

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

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

Tel: 1300 737 760

Stock Exchange Listing

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


DELTA
ANYWARE
Notebook
VIRTUAL
REALITY
Licensing
eset
BRAYECK
INFORMATION
DISTRIBUTION
M2C
Lifestyle
AUGMENTED
DROBO
Printer
Networking
LINKBASIC
ECOMMERCE
Huntkey
Speakers
BOOGIEBOARD
MOBILE
LEDware
HARRISYTECHNOLOGY
WOWBABY
HT8
Display
Storage
AZIO
EDIMAX
DXRACER
AEROCOOL
PROMISE
ADESSO
Tablet