APPENDIX 4E

PRELIMINARY FINAL REPORT

FINANCIAL YEAR ENDING 30 JUNE 2010

HiTech
PERSONNEL
Excellence in Recruitment & Consulting

HiTech Group Australia Limited

A.B.N. 41 062 067 878

APPENDIX 4E

Preliminary Final Report

HiTech Group Australia Limited	
A.B.N 41 062 067 878	**Financial Year ended 30 June 2010**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$A
Revenues from ordinary activities		**3.13%**	**Down**	**5,524,864**
Profit from ordinary activities after tax attributable to members			**Up**	**136,775**
Net profit for the period attributable to members			**Up**	**136,775**

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	No final dividend proposed	
Previous corresponding period	Nil	Nil

Comment on figures reported:

HiTech's core business is the recruitment of ICT professionals and the supply of contracting services. This sector of the market has seen a decline in jobs since the global financial crisis. Lately, however there seems to be an emergence of a shortage in skilled candidates.

While total operating revenue decreased by 3.13% over the previous financial year, the high margin permanent placement income was 19.55% higher and contracting revenue 5% lower.

Net profit after taxation (NPAT) is $136,775 (FY09 net loss: $1,020,511). Increased profitability was due to an increase in permanent placement income, higher margins on contracting and an increase in the market value of the Group's investments in other listed entities.

HiTech remains fully prepared to take advantage of any improvement in the ICT sector. We are working towards winning new business, increasing profit and ensuring that operating costs are kept to a minimum.

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

	Note	Consolidated Group 30 June 2010 $	30 June 2009 $
Sales Revenue - Services	5(a)	5,496,087	5,640,848
Other revenue	5(b)	28,777	62,756
		5,524,864	5,703,604
Other income		29,440	-
Cost of providing services	6	(4,141,218)	(4,713,429)
Marketing expenses		(43,451)	(34,656)
Occupancy expenses		(104,910)	(104,690)
Insurance and legal expenses		(22,660)	(22,176)
Administration expenses		(996,060)	(1,097,813)
Impairment of financial assets		-	(769,311)
Other expenses from ordinary activities		(37,168)	(109,821)
Profit/(loss) before Income Tax		208,837	(1,148,292
Income tax benefit	7	(72,062)	127,781
Profit/(loss) attributable to Members of the parent entity		136,775	(1,020,511)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		136,775	(1,020,511)
Earnings per Share:			
Basic and diluted (cents per share)	18	0.44	(3.29)

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2010

	Note	Consolidated Group 30 June 2010 $	Consolidated Group 30 June 2009 $
CURRENT ASSETS			
Cash and cash equivalents	4	535,375	772,875
Trade and other receivables	8	1,146,081	617,737
Financial assets at fair value through profit and loss	9	321,760	292,320
TOTAL CURRENT ASSETS		2,003,216	1,682,932
NON-CURRENT ASSETS			
Available for sale financial assets	9	24,062	24,062
Plant and equipment	10	56,335	76,259
Deferred tax assets		277,015	348,580
Intangible assets	11	3,545	5,530
TOTAL NON-CURRENT ASSETS		360,957	454,431
TOTAL ASSETS		2,364,173	2,137,363
CURRENT LIABILITIES			
Trade and other payables	12	461,053	363,216
Short-term provisions	13	11,222	23,224
TOTAL CURRENT LIABILITIES		472,275	386,440
NON-CURRENT LIABILITIES			
Deferred tax liability		1,402	906
Long term provisions		19,161	15,457
		20,563	16,363
TOTAL LIABILITIES		492,838	402,803
NET ASSETS		1,871,335	1,734,560
EQUITY			
Issued equity	3, 14	2,869,213	2,869,213
Reserves	3	301,995	301,995
Accumulated losses	3	(1,299,873)	(1,436,648)
TOTAL EQUITY		1,871.335	1,734,560

3. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2010

	Share Capital Ordinary $	Retained Profits $	Employee Equity-settled benefits Reserve $	Total $
Balance at 1/7/2008	2,869,213	(416,137)	159,189	2,612,265
Total comprehensive loss for the period	-	(1,020,511)	-	(1,020,511)
Option reserve on recognition of bonus element of options	-	-	142,806	142,806
Balance at 30/6/2009	2,869,213	(1,436,648)	301.995	1,734,560
Balance at 1/7/2009	2,869,213	(1,436,648)	301.995	1,734,560
Total comprehensive profit for the period	-	136,775	-	136,775
Balance at 30/6/2010	2,869,213	(1,299,873)	301.995	1,871,335

4. CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2010

	Note	Consolidated Group 30 June 2010 $	30 June 2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,520,704	6,149,172
Payments to suppliers and employees		(5,785,350)	(6,409,162)
Dividends received		14,520	41,571
Interest received		12,626	43,554
Interest paid		-	(487)
Net cash (used in) operating activities	16	(237,500)	(175,352)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of investments		-	472,227
Purchase of property, plant and equipment		-	(65,563)
Net cash provided by investing activities		-	409,664
CASH FLOWS FROM FINANCING ACTIVITIES			
Deposits re couped		-	2,018
Deposits paid		-	-
Net cash provided by financing activities		-	2,018
Net (decrease)/increase in cash held		(237,500)	236,330
Cash at the beginning of the financial year		772,875	536,545
Cash at the end of the financial year	16(a)	535,375	772,875

5. REVENUE

Revenue from continuing operations:

	Note	30 June 2010 $	30 June 2009 $
(a) Revenue			
- Contracting and permanent placement revenue	(i)	5,496,087	5,640,848
- Interest received – other entities		13,322	19,380
- Dividends received		14,280	43,251
- Other		1,175	125
		5,524,864	5,703,604

(i) Contracting revenue includes permanent placement fees and contract services provided.

		30 June 2010 $	30 June 2009 $
(b) Other Income			
Fair value gains on financial assets at fair value through profit and loss		29,440	-

6. EXPENSES

	30 June 2010 $	30 June 2009 $
Cost of providing services	4,141,218	4,713,429
Rental expense on operating leases		
- minimum lease payments	87,691	84,352
Depreciation and amortisation of non-current assets		
- plant and equipment	5,742	7,410
- office fit out	-	5,409
- motor vehicles	14,181	14,446
- intangibles	1,985	2,476
Fair value losses on financial assets at fair value through profit and loss	-	769,311
Loss on disposal of financial assets at fair value through profit and loss	-	16,591

7. INCOME TAX

		Note	Consolidated Group 30 June 2010 $	30 June 2009 $
(a)	**Income tax expense:**			
	- current tax		62,910	-
	- deferred tax		72,062	(127,781)
	- under provision for income tax in prior year		-	-
	- recoupment of prior year tax losses		(62,910)	-
			72,062	(127,781)
(b)	**Numerical reconciliation of income tax expense to prima facie tax payable**			
	Profit from continuing activities before income tax expense at 30% (2009:30%)		62,651	(344,488)
	Add Tax effect of:			
	- Imputation credits		216	4,059
	- Other assessable income		72	4,977
	- non-deductible depreciation and amortisation and other non-allowable items		18,968	251,138
	- share options expensed			42,840
	Less tax effect of:			
	- non-assessable income and imputation credit		(9,761)	(5,390)
	- Deductible expenses		(9,955)	(12,525)
	- under provision for income tax in prior year		-	-
	- recoupment of DTA previously not recognised		9,871	(68,394)
	Income tax expense/(benefit)		72,062	(127,781)

8. TRADE AND OTHER RECEIVABLES

Trade receivables	1,124,746	551,801
Provision for impairment	-	-
	1,124,746	551,801
Other receivables	21,335	65,936
	1,146,081	617,737

9. FINANCIAL ASSETS

Current assets		
Financial assets at fair value through profit and loss		
Shares in listed entities	1,169,738	1,169,738
(Less)fair value(losses) on investment	(847,978)	(877,418)
	321,760	292,320
Non-current assets		
Available-for-sale fiancial assets		
Security deposits for leased premises	24,062	24,062

10. PLANT & EQUIPMENT

	Consolidated Group Plant & Equipment $	Leasehold Improvements $	Motor vehicles $	TOTAL $
As at 30 June 2009				
Cost or fair value	202,080	32,453	74,519	309.052
Accumulated depreciation	(185,355)	(32,453)	(14,985)	(232,793)
Net book value	16,725	-	59,534	76,259
Year ended 30 June 2010				
Opening net book balance	16,725	-	59,534	76,259
Depreciation charge	(5,743)	-	(14,181)	(19,924)
Net book balance	10,982	-	45,353	56,335
As at 30 June 2010				
Cost or fair value	202,080	32,453	74,519	309.052
Accumulated depreciation	(191,098)	(32,453)	(29,166)	(252,717)
Net book value	10,982	-	45,353	56,335

11. INTANGIBLE ASSETS

	Consolidated Group Intangibles at cost
At 1 July 2009	
Cost or fair value	1,082,651
Accumulated depreciation	(1,077,121)
Net book value	5,530
Year ended 30 June 2010	
Opening net book balance	5,530
Depreciation charge	(1,985)
Net book balance	3,545
As at 30 June 2010	
Cost or fair value	1,082,651
Accumulated depreciation	(1,079,106)
Net book value	3,545

12. TRADE AND OTHER PAYABLES

	Consolidated Group	
	30 June 2010 $	30 June 2009 $
Unsecured liabilities		
Trade payables	100,342	89,467
Sundry payable and accrued expenses	360,711	273,749
	461,053	363,216

13. PROVISIONS

Short-term provisions		
Employee benefits – annual leave	11,222	23,224
Long-term provisions		
Employee benefits – long service leave	19,161	15,457

14. ISSUED EQUITY

31,000,000 fully paid ordinary shares (2009: 31,000,000)	2,869,213	2,869,213

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share Options
Share options are issued to staff under the employee share option plan. There were no options issued under the plan to staff including executive directors during the financial year and no options were exercised. However 2,700,000 options lapsed and 50,000 options were cancelled on resignation of an employee. At year end, there were 6,800,000 outstanding options which were issued in previous years.

15. SEGMENT INFORMATION

The Consolidated Group operates primarily in one geographical and in one business segment, namely the ICT recruitment industry in Australia and reports to the Board on the performance of the Group as a whole.

16. NOTES TO STATEMENT OF CASH FLOWS

	Note	Consolidated Group 30 June 2010 $	30 June 2009 $
(a) *Reconciliation of Cash*			
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flow is reconciled to the related items in the statement of financial position as follows:			
Cash		254,197	252,858
Deposits at call		281,178	520,017
		535,375	772,875
(b) *Reconciliation of Profit from Ordinary Activities After Related Income Tax to Net Cash Flows From Operating Activities*			
Profit from ordinary activities after related income tax		136,775	(1,020,511)
Depreciation and amortisation of non-current assets		21,909	29,740
Net loss on sale of financial assets			16,591
Equity settled share based payments			142,808
Unrealized gain)/ loss on financial assets		(29,440)	769,311
Decrease/(increase in assets			
Current receivables		(528,344)	(50,840)
Other current assets		-	2,818
Deferred tax assets		71,565	(127,582)
(Decrease)/Increase in liabilities			
Provisions		(8,297)	9,436
Current trade payables		97,836	53,132
Deferred tax liability		496	(199)
Net cash from operating activities		(237,500)	(175,352)

17. NTA BACKING

Net tangible asset backing per ordinary security (per share)	$0.06	$0.06

18. COMMENTARY ON RESULTS FOR THE PERIOD

General

The group's core business is in recruitment of permanent and contracting ICT professionals, a sector of the market that has shown a steady increase in new job opportunities over the last 12 months. This has been coupled with an increasing shortage in available skilled candidates.

While total operating revenue decreased by 3.13% over the previous financial year, the high margin permanent placement income was 19.55% higher and contracting revenue 5% lower.

Net profit after taxation (NPAT) is $136,775 (FY09 net loss: $1,020,511). Increased profitability was due to an increase in permanent placement income, higher margins on contracting and an increase in the market value of the Group's investments in other listed entities.

EPS

Basic and diluted earnings per share for the current financial year was 0.44 cents per share as compared with minus 3.29 cents per share in the previous corresponding period. While at 30 June 2010, there were 6,800,000 outstanding options, that were issued in previous years, none of these options are dilutive and have therefore not been included in the total of the weighted average number of ordinary shares of 31,000,000 million and potential ordinary shares used in the calculation of diluted earnings per share.

Dividends

It has been the dividend policy of the board since listing to make an annual fully franked dividend payout of approximately 65% of net profit after tax. This, however, has been dependent on a number of factors including profits and the financial and taxation position of the group. While the profitability of the group in the 2010 financial years has deteriorated and the availability of undistributed profits has precluded the payment of dividends to shareholders in this year, it is the intention of the board to once again implement the declared dividend policy when profits are available for distribution.

Significant features of operating performance

HiTech currently supplies permanent and contract staff from its large personalised database of over 85,000 specialised ICT professionals which has been developed over the years through various strategies of recruitment.

The HiTech client base of over 400 active corporate clients is well established, with strong representation by high technology companies, banking/financial services companies plus Federal Government departments and agencies. HiTech has also entered into preferred supplier agreements for the supply of staff in both the public and private sectors.

Permanent recruitment, which comprises the search and selection of candidates for full time employment, is characterised by high profit margins.

ICT contracting, comprising the provision of ICT professionals for temporary and other non-permanent staffing needs of clients for specific projects, has continued to supply HiTech with cash flow. ICT contracting is viewed as a relatively higher volume business with lower margins.

Factors which are likely to affect results in the future

The global financial crisis (GFC) has affected jobs in Australia with the apparent recovery taking some time to build up. Performance will depend on the number of job vacancies increasing and the available candidate market.

Additionally, any increase in demand for ICT services and continuing shortage of qualified candidates will result in higher margins.

We have retained our preferred supplier status with our valued clients and are working towards further developing these relationships. We are constantly evolving and improving our systems and productivity to assist and provide a better service to our clients and candidates.

We expect to win more new business as the economy improves.

19. AUDIT OF ACCOUNTS

This report is based on accounts that are in the process of being audited and are not likely to be subject to dispute or qualification.

Barry F. Neal,
Company Secretary
27 August 2010