APPENDIX 4D

HALF YEAR REPORT

PERIOD ENDING 31 DECEMBER 2014

HiTech Group Australia Limited

A.B.N. 41 062 067 878

APPENDIX 4D

Half Year Report

HiTech Group Australia Limited	
A.B.N 41 062 067 878	**Half Year ended 31 December 2014**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$A
Revenues from ordinary activities	Up	**97%**	**To**	**6,453,252**
Profit from ordinary activities after tax attributable to members	Up	**195%**	**To**	**176,100**
Net profit for the period attributable to members	Up	**195%**	**To**	**176,100**
NTA per share	$0.10 (31 Dec 2014)		$0.10 (31 Dec 2013)	
Dividends (distributions)	Amount per security		Franked amount per security	
Interim dividend	No interim dividend proposed.			
Previous corresponding period	Nil		Nil	

Comment on figures reported:

HiTech's core business is the provision of recruitment services to both the private and Australian government sectors. HiTech sources and places ICT, Finance and Office support personnel for permanent and contracting positions.

Revenue for the first half of FY2015 increased by 97% to $6,453,252 compared to $3,269,869 for the previous corresponding period.

Contracting income increased by 106% in the first half of FY2015 compared to the previous corresponding period. Permanent placement income decreased by 1% compared to the previous corresponding period.

Gross Profit increased by 159% to $1,259,244 over pcp (FY14: $486,763).

EDITDA increased by 572% to $335,410 over pcp (FY14: $49,931).

EBIT increased by 628% to $330,153 over pcp (FY14: $45,149).

Net profit before taxation increased by 446% to $330,390 over pcp (FY14: $74,156).

Net profit after taxation (NPAT) increased by 195% to $176,100 over pcp (FY14: $59,612).

Our Net tangible Assets (NTA) is $0.10 per share.

The higher profit was principally due an increase in contracting income. There is a $483,902 unrealised loss on investment in the Australian stock market.

HiTech has doubled revenue and almost tripled profit by winning new business. HiTech remains fully prepared to take advantage of the recruitment market and local recovery of the Australian economy. We are working towards winning new business in both the federal government and private corporate sector whilst ensuring that operating costs are kept to a minimum.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

		Consolidated Group	
		31 December 2014 $	31 December 2013 $
Sales Revenue	3(a)	6,402,761	3,178,612
Cost of Sales	4	(5,143,517)	(2,691,849)
Gross Profit		*1,259,244*	*486,763*
Other revenue	3(b)	50,491	65,177
Unrealised (loss)/gain on financial assets	4	(483,902)	26,080
Marketing expense		(18,527)	(25,268)
Occupancy expense		(57,937)	(53,011)
Administration expense		(393,922)	(414,479)
Borrowing expense		(6,301)	-
Insurance and legal expenses		(6,088)	(426)
Other expenses from ordinary activities		(12,668)	(10,680)
Profit before income tax		330,390	74,156
Income tax expense		(154,290)	(14,544)
Net profit attributable to members of the parent entity		176,100	59,612
Other comprehensive income		-	-
Total comprehensive income for half year		176,100	59,612
Earnings per share:			
Basic earnings (cents per share)		0.57	0.19
Diluted earnings (cents per share)		0.56	0.18

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT HALF-YEAR ENDED 31 DECEMBER 2014

	Notes	Consolidated Group 31 December 2014 $	30 June 2014 $
CURRENT ASSETS			
Cash and cash equivalents		1,029,152	632,716
Trade and other receivables		1,539,959	1,602,477
Financial assets at fair value through profit and loss		938,681	2,360,187
Other current assets		37,314	11,333
TOTAL CURRENT ASSETS		3,545,106	4,606,713
NON-CURRENT ASSETS			
Plant and equipment	5	34,660	40,174
Deferred tax assets		300,391	184,304
Intangible assets		4,623	3,543
Other non-current assets		24,062	24,062
TOTAL NON-CURRENT ASSETS		363,736	252,083
TOTAL ASSETS		3,908,842	4,858,796
CURRENT LIABILITIES			
Trade and other payables		504,300	1,830,992
Current tax liabilities		191,627	-
Short-term provisions	6	95,036	86,758
TOTAL CURRENT LIABILITIES		790,963	1,917,750
NON-CURRENT LIABILITIES			
Deferred tax liabilities		-	697
TOTAL NON-CURRENT LIABILITIES		-	697
TOTAL LIABILITIES		790,963	1,918,447
NET ASSETS		3,117,879	2,940,349
EQUITY			
Issued capital	7	2,869,213	2,869,213
Reserves		308,490	307,060
Accumulated losses		(59,824)	(235,924)
TOTAL EQUITY		**3,117,879**	**2,940,349**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Issued Capital Ordinary $	Accumulated Losses $	Employee Equity-settled benefits Reserve $	Total $
Balance at 1/7/2013	2,869,213	69,734	303,242	3,242,189
Employee share options – value of employee services	-	(155,000)	-	(155,000)
Total comprehensive income for the half year	-	59,612	-	59,612
Balance at 31/12/2013	2,869,213	(25,654)	303,242	3,146,801
Balance at 1/7/2014	2,869,213	(235,924)	307,060	2,940,349
Employee share options – value of employee services	-	-	1,430	1,430
Total comprehensive income for the half year	-	176,100	-	176,100
Balance at 31/12/2014	2,869,213	(59,824)	308,490	3,117,879

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Consolidated Group 31 December 2014 $	Consolidated Group 31 December 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	6,958,118	3,802,923
Payments to suppliers and employees	(6,557,839)	(4,348,559)
Interest received	1,667	29,007
Dividends received	34,144	6,000
Finance costs paid	(10,000)	-
Income tax paid	(64,070)	-
Net cash provided by/(used in) by operating activities	**362,020**	**(510,629)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of sale for investment securities	934,632	(211,774)
Purchase of plant and equipment	(216)	-
Net cash provided by/ (used in) investing activities	**934,416**	**(211,774)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(900,000)	-
Net cash used in financing activities	**(900,000)**	**-**
Net increase in cash held	396,436	(722,403)
Cash at the beginning of the half year	632,716	2,757,958
Cash at the end of the half year	**1,029,152**	**2,035,555**

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of HiTech Group Australia Limited and its controlled entities (referred to as the “Group”). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2014, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 18 February 2015.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, subject to the following changes:

New and revised accounting requirements applicable to the current interim period

Interpretation 21: Levies is mandatorily applicable for annual financial reporting periods commencing 1 January 2014 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2014 to 31 December 2014. The Interpretation clarifies that a liability to pay a government levy should be recognised when the activity triggering the payment has occurred.

The Group has considered the implications of other new or amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

2. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group operates one business in IT recruitment and contracting and in one geographical area and report to management on a comprehensive basis on the performance of the whole Group.

3. REVENUE

	Half year ended 31 December 2014 $	Half year ended 31 December 2013 $
Revenue from operating activities		
(**a) Contracting and permanent placement revenue**	6,402,761	3,178,612
(**b) Other Revenue**		
- Interest received - other entities	1,667	29,007
- Dividends received – other entities	48,824	8,571
- Gain on sale of Shares	-	22,562
- Insurance Recoveries	-	5,036
- Fair value gain on financial assets at fair value through profit and loss	-	26,080
	6,453,252	3,269,868

4. EXPENSES

Cost of providing services	5,143,517	2,691,849
Rental expenses on operating leases		
- Minimum lease payments	46,046	45,126
Depreciation and amortisation of non-current assets		
- Plant and equipment	3,304	1,299
- Motor vehicles	2,426	3,234
- Software	957	249
Loss on sale of shares	2,975	-
Net transfers to provisions – employee benefits	1,002	-
Fair value losses on financial assets at fair value through profit and loss	483,902	-

5. PLANT AND EQUIPMENT

	Consolidated Entity			
	Plant & Equipment	Leasehold Improvements	Motor vehicles	TOTAL
	$	$	$	$
As at 30 June 2014				
Cost or fair value	223,956	32,453	82,974	339,383
Accumulated depreciation	(205,999)	(32,453)	(60,757)	(299,209)
Net book value	17,957	-	22,217	40,174
Half Year ended 31 December 2014				
Opening net book balance	17,957	-	22,217	40,174
Additions	216	-	-	216
Depreciation charge	(3,304)	-	(2,426)	(5,730)
Net book balance	14,869	-	19,791	34,660
As at 31 December 2014				
Cost or fair value	224,172	32,453	82,974	339,599
Accumulated depreciation	(209,303)	(32,453)	(63,183)	(304,939)
Net book value	14,869	-	19,791	34,660

6. CURRENT PROVISIONS

Current provisions are for staff entitlements and accrued expenses expected to be settled with twelve months.

7. EQUITY SECURITIES

No shares were issued in the reporting period or in the previous financial year. There are 31 million listed shares on issue.

8. SHARE-BASED PAYMENTS

The options outstanding at 30 June 2014 had a weighted average exercise price of $0.03 and a weighted average remaining contractual life of 1 year. The exercise price in respect of options outstanding at 30 June 2014 is $0.03.

(i) Balance at beginning of financial year

Option series	No.	Grant Date	Exercise Date	Expiry date	Exercise Price $
Issued 7/2012	400,000	1/7/2012	14/6/2015	30/6/2015	0.03

(i) Balance at end of the financial year

Option series	No.	Grant Date	Exercise Date	Expiry date	Exercise Price $
Issued 7/2012	400,000	1/7/2012	14/6/2015	30/6/2015	0.03
	400,000				

9. NTA BACKING

	Half year ended 31 December 2014 $	31 December 2013 $
Net tangible asset backing per ordinary security (per share)	0.10	0.10

10. CONTINGENT LIABILITIES

There are no contingent liabilities and contingent liabilities at balance date.

11. EVENTS SUBSEQUENT TO REPORTING DATE

There are no circumstances that have arisen since the end of the financial period which significantly affect or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

12. CONTROL GAINED OR LOST OVER ENTITIES HAVING MATERIAL EFFECT

The group has not gained or lost control over any entity during the financial period.

13. DETAILS OF ASSOCIATE OR JOINT VENTURES ENTITIES

The group has no associate or joint venture entities.

14. RELATED PARTIES DISCLOSURES

For the whole of the half year period, Elias Hazouri provided his services to HiTech Group Australia Limited as a contractor on a commercial basis with payments being made to Aitchandar Trust an entity controlled by Elias Hazouri.

Temporary loans were made to a Director and other key management personnel. No interest was charged on loans due to their temporary nature and repayment terms. The amount of loans outstanding at 31 December 2014 was $1,284 (2013: $2,287).

During the period, the Group had repaid $900,000 plus interest unsecured short term loan to director's related entity.

All other arrangements with related parties are consistent with those disclosed in the 2014 Annual Report.

15. COMMENTARY ON RESULTS FOR THE PERIOD

General

The group's core business is in recruitment of permanent and contracting ICT professionals. We have won new business which led to doubling our revenue and almost tripling our profit.

EPS

Basic earnings per share for the first half of the current financial year were 0.57 cents per share as compared with 0.19 cents per share in the previous corresponding period. As at 31 December 2014, there were 400,000 outstanding options of which 313,437 options are dilutive and have therefore been included in the total of the weighted average number of ordinary shares of 31 million and potential ordinary shares used in the calculation of diluted earnings per share of 0.56 cents per share.

Segment Information

The consolidated entity reports to management and allocates resources on a single reporting entity basis.

Significant features of operating performance

HiTech currently supplies permanent and contract staff from its large proprietary database of over 300,000 specialised and skilled professionals that have been secured through a strategy of multiple sourcing tools and networking drives. HiTech's candidate database is the primary source of skilled professionals that we draw upon to fulfil our clients' personnel demands. This is a proprietary database that is invaluable to our business and ensures we maintain our sustainable competitive advantage in the market place.

The HiTech Client base of over 300 active corporate and government 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 strong cash flow. ICT contracting is viewed as a relatively higher volume business with lower margins. We have worked on reducing low margin contracting business and building higher margin contract opportunities. This strategy has delivered favourable results without the need to significantly increase the operating cost base.

Factors which are likely to affect results in the future

While there is still a relatively short supply of quality candidates, any potential drop in ICT resources demand will result in lower margins and downward pressure on permanent placement numbers.

Our stock market investments will be affected by the state of the market.

We continue to explore participation in the rationalisation of the recruitment and ICT industries. We have looked and are still looking at potential acquisitions that are EPS positive and suit our criteria.

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

HiTech has tendered for private and government recruitment business recently and has been successful. We expect to secure further contracts in the near future and win more business as the economy improves.

16. REVIEW OF ACCOUNTS

This report is based on accounts that have been reviewed and are not subject to dispute or qualification. Copies of the review report and independence declaration from Raymond Yi Kuen Lee are attached.

R. Hazouri
Director

Sydney, 18 February 2015

HiTech Group Australia Limited
DIRECTORS' REPORT

The directors of HiTech Group Australia Limited ("HiTech Group" or "the company") submit herewith the financial report of the consolidated entity for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors of the company during or since the end of the half-year are:

Mr Raymond Hazouri, Chairman and Chief Executive Officer
Mr George Shad
Mr Elias Hazouri

Principal activities

The consolidated entity's principal activity in the course of the financial year was the supply of recruitment services for permanent and contract staff to the ICT sector.

Review of operations

HiTech's core business is the provision of recruitment services to both the private and Australian government sectors. HiTech sources and places ICT, Finance and Office support personnel for permanent and contracting positions.

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Auditor's declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is attached.
Signed in accordance with a resolution of the directors
On behalf of the Directors

R. Hazouri, Director
Sydney, 18 February 2015

HiTech Group Australia Limited
DIRECTORS' DECLARATION

The directors declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* and:

    (a) comply with Accounting Standards AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*; and

    (b) give a true and fair view of the economic entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

On behalf of the Directors

R Hazouri
Director

Sydney, 18 February 2015

Auditor's Independence Declaration

To The Directors of HiTech Group Australia Limited

In accordance with the requirements of section 307C of the *Corporation Act 2001*, as lead auditor for the review of HiTech Group Australia Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and behalf, there have been:

a) no contraventions of the auditor independence requirements of the *Corporation Act 2001* in relation to the review; and
b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of HiTech Group Australia Limited and the entities it controlled during the period.

Raymond Yi Kuen Lee
Registered Company Auditor

Sydney
18 February 2015

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Tel: 02-9281 9797 Fax: 02-9281 9985

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of HiTech Group Australia Limited

We have reviewed the accompanying half-year financial report of HiTech Group Australia Limited ("Company"), which comprises the consolidated statement of financial position as at 31 December 2014, 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 half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information, and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report
The directors of HiTech Group Australia Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the HiTech Group Australia Limited consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of HiTech Group Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence
In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Electronic presentation of reviewed financial report

The auditor's review report relates to the financial report of HiTech Group Australia Limited for the half-year ended 31 December 2014 included on the website of HiTech Group Australia Limited. The Company's directors are responsible for the integrity of website. We have not been engaged to report on the integrity. The auditor's review report refers only to the statements named above. It does not provide an option on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Raymond Yi Kuen Lee
Registered Company Auditor

Sydney, 18 February 2015

Suite 272, 398-408 Pitt Street
Sydney NSW 2000