

Harris Technology Group Limited
ASX:HT8

31 January 2018

ASX and Media Release

FY18 Second Quarter Cash Flow Statement

Harris Technology Group Limited (ASX: **HT8**) today released its Appendix 4C Cash Flow Statement for the second quarter of FY18.

At the end of the Quarter the business held cash of \$1.4 million compared to \$1.1 million at September 30.

Managing Director Garrison Huang commented "The Group failed to meet revenue expectations and also experienced a slight reduction in margin. We are disappointed with our results. On reflection the looming arrival of Amazon in Australia had an impact on customer behaviour and sentiment."

"In addition, higher than expected customer rebates in the Quarter contributed to the result"

"The Groups results are traditionally stronger in the second half and recent business development initiatives indicate meaningful improvements are expected".

Information on the Groups financial results for the Half Year will be provided in February along with presentation on new initiatives.

-ENDS

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Harris Technology Group Ltd

ABN

93 085 545 973

Quarter ended ("current quarter")

31 DECEMBER 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		11,989	24,909
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(9,173)	(21,849)
(c) advertising and marketing		(29)	(113)
(d) leased assets		-	-
(e) staff costs		(1,110)	(2,414)
(f) administration and corporate costs		(275)	(529)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		0	0
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		-	(10)
- GST Paid		(502)	(929)
1.9 Net cash from / (used in) operating activities		900	(935)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(9)	(9)
(b) businesses (see item 10)		-	-
(c) investments		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	2	2
	(b) businesses (see item 10)	-	4
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(7)	(3)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	2,577	5,655
3.6	Repayment of borrowings	(3,167)	(5,515)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(590)	140

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,118	2,219
4.2	Net cash from / (used in) operating activities (item 1.9 above)	900	(935)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(590)	140

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,421	1,421

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,421	1,118
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,421	1,118

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter
\$A'000

(528)

-

Director Fees, Inventory payments to entities relating to B.Xu & H.Chen, Rental payments to entities relating to G.Huang & B.Xu, Rental payments to G.Huang

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter
\$A'000

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	4,000	2,577
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
Trade finance facility held with Westpac, secured, variable base rate + 0.90% margin rate		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(10,177)
9.3 Advertising and marketing	(74)
9.4 Leased assets	-
9.5 Staff costs	(1,167)
9.6 Administration and corporate costs	(675)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(12,093)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		Your Home Depot (business, not an entity)
10.2 Place of incorporation or registration		Australia
10.3 Consideration for acquisition or disposal		791
10.4 Total net assets		582
10.5 Nature of business		Online kitchenware retailer
		The \$4,000 received amount disclosed in 2.2b above is the remaining balance of the 10.3 consideration

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

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(Director)

Date: 31 January 2018

Print name: Andrew Plympton

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.