



Excellence in Recruitment & Consulting

HiTech Group Australia Limited

A.B.N. 41 062 067 878

Annual Report 2023

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CORPORATE DIRECTORY

HiTech Group Australia Limited's ("the Company's") shares are quoted on the official list of the Australian Securities Exchange Limited.

The ASX code for the Company's ordinary fully paid shares is "HIT".

Directors

Ray Hazouri – *Chairman*

Elias Hazouri – *Chief executive officer*

George Shad – *Non-executive director*

Company Secretaries

Ray Hazouri

Elias Hazouri

Registered office and principal place of business

Level 37

37.01B, 1 Macquarie Place

Sydney NSW 2000

Telephone: (02) 9241 1919

Facsimile: (02) 9241 1731

Internet: www.hitechaustr.com

E-mail: info@hitechaustr.com

Share registry

Computershare Investor Services Pty Ltd

Level 3,

60 Carrington Street,

Sydney NSW 2000

Telephone: (02) 8234 5000

Auditors

K.S. Black & Co.

20 Grose St,

North Parramatta NSW 2151

Bankers

St George Bank Limited

4-16 Montgomery Street

Kogarah NSW 2217

CHAIRMAN'S REPORT TO SHAREHOLDERS

Dear Shareholder,

It is with pleasure that the directors present this 24th annual report of HiTech Group Australia Limited ('HiTech') since the listing of the company on the Australian Securities Exchange ("ASX") on 17 April 2000.

The pleasing results of FY2023, another record, are a testament to the dedication and resilience of the HiTech team and business model. We have delivered our 9th straight record results showing improved profitability and market share.

The HiTech directors are hand in hand with all HiTech employees and stakeholders to navigate our business through uncertain economic times with an overall objective of preserving and increasing shareholder value.

Our business model was built up during the recession of 1993 so it is designed to deal effectively with such conditions and that is exactly what it is doing today successfully.

For the financial year ended 30 June 2023, the consolidated entity's operating **revenue is \$74,477,580 an increase of 18.0%** over the previous corresponding period (pcp):

- **Gross Profit is \$10,989,942, an increase of 10.1%** over pcp (FY22: \$9,304,117).
- **EBITDA is \$7,626,821, an increase of 12.9%** over pcp
- **NPAT is \$5,437,729, an increase of 23.5%** over pcp
- Full, diluted EPS is **12.89 cents, an increase of 20%** over pcp

The directors have declared a fully franked dividend of **5 cents per share** which will be paid on 18 September 2023 to shareholders registered on close of business on 1 September 2023.

The Australian job market, particularly the ICT sector, has seen ongoing demand for quality talent. We have succeeded in placing quality candidates into many positions predominantly in the Government sector. Our focus has been on retaining our valued clients, winning new business, diversifying, and ensuring that operating costs are kept to a minimum.

Just as the global and local economies evolve and we adapt to the new Federal government in power, we are constantly evolving and improving our systems and productivity to provide a more relevant service to our clients and candidates and the broader Australian community.

HiTech remains a resilient and strong company with a strong balance sheet and ample cash reserves. We are committed to continuously improving our revenue and profitability as the opportunities arise.

Whilst we are active in non-ICT areas of recruitment, the ICT recruitment and contracting business within the group remains our key recurring revenue generator. New client acquisition is a key objective for the group as it allows us to increase our market share and find more diversified income streams.

HiTech has a proven business model that has evolved over the past 30 years. I am confident that our commitment to growth and profitability will enhance value for all our shareholders in the future.

HiTech Group Australia Limited and Controlled Entities

A.B.N. 41 062 067 878

We are ready to take advantage of market opportunities and accretive acquisitions to increase stakeholder returns.

The directors extend their appreciation to all our dedicated and resilient team members/HiTech family, candidates, clients and shareholders for their efforts and support during FY2023.

Yours sincerely,



Raymond Hazouri
Chairman

15 September 2023

CORPORATE GOVERNANCE STATEMENT

HiTech Group Australia Limited is committed to good corporate governance and disclosure. The Company has substantially adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (Third edition March 2014) for the entire FY2023 financial year.

Where the ASX Corporate Governance Council's recommendations have not been adopted by the Company, this has been identified and explained below.

		Complied	Note
1.1	(a) Disclose the respective roles and responsibilities of its board and management.	Yes	1
	(b) Disclose those matters expressly reserved to the board and those delegated to management.	Yes	1
1.2	(a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and	Yes	2
	(b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes	2
1.3	Have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	2
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	2
1.5	(a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving.	No	7
	(b) Disclose the diversity policy or a summary of it.	N/A	
	(c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:	N/A	
	(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes)	Yes	7
	(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	N/A	
1.6	(a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and	Yes	2
	(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	2

CORPORATE GOVERNANCE STATEMENT (continued)

		Complied	Note
1.7	(a) Have and disclose a process for periodically evaluating the performance of its senior executives.	Yes	2
	(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	2
2.1	(a) Have a nomination committee.	No	3
	(b) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Yes	3
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	No	2
2.3	(a) Disclose the names of the directors considered by the board to be independent directors,	Yes	4
	(b) Disclose if a director has an interest, position, association or relationship but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion.	Yes	4
	(c) Disclose the length of service of each director.	Yes	4
2.4	A majority of the board of a listed entity should be independent directors.	No	4
2.5	The chair of the board should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No	5
2.6	Have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	2
3.1	(a) Have a code of conduct for its directors, senior executives and employees.	Yes	6
	(b) Disclose the code of conduct or a summary of it.	Yes	6

CORPORATE GOVERNANCE STATEMENT (continued)

		Complied	Note
4.1	(a) Have an audit committee which:	Yes	8
	(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors;	No	8
	(2) is chaired by an independent director, who is not the chair of the board, and disclose:	Yes	8
	(3) the charter of the committee;	Yes	8
	(4) has the relevant qualifications and experience of the members of the committee.	Yes	8
	(5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Yes	8
	(b) If it does not have an audit committee, disclose that fact.	N/A	
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	9
4.3	Ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	8
5.1	(a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules and	Yes	10
	(b) Disclose that policy or a summary of it.	Yes	10
6.1	Provide information about itself and its governance to investors via its website.	Yes	10
6.2	Design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	11
6.3	Disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	11
6.4	Give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	11

CORPORATE GOVERNANCE STATEMENT (continued)

		Complied	Note
7.1	(a) have a committee or committees to oversee risk, each of which:	Yes	12
	(1) has at least three members, a majority of whom are independent directors; and	No	12
	(2) is chaired by an independent director, and disclose:	Yes	12
	(3) the charter of the committee;	Yes	12
	(4) the members of the committee; and	Yes	12
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes	12
	(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	N/A	
7.2	(a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound	Yes	12
	(b) Disclose, in relation to each reporting period, whether such a review has taken place.	Yes	12
7.3	(a) if it has an internal audit function, how the function is structured and what role it performs; or	No	12
	(b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes	12
7.4	Disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	13
8.1	(a) have a remuneration committee which:	No	14
	(1) has at least three members, a majority of whom are independent directors; and	N/A	
	(2) is chaired by an independent director, and disclose:	N/A	
	(3) the charter of the committee;	N/A	
	(4) the members of the committee; and	N/A	
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	N/A	
	(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Yes	14

CORPORATE GOVERNANCE STATEMENT (continued)

		Complied	Note
8.2	Should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	14
8.3	A listed entity which has an equity-based remuneration scheme should:		
	(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and	Yes	14
	(b) Disclose that policy or a summary of it.	Yes	14

Notes

- The directors of the Company are accountable to shareholders for the proper management of the business and affairs of the Company. The role of the board is to approve the strategic direction of the Group, guide and monitor the management of HiTech in achieving its strategic plans and oversee good governance practice.

The express responsibilities of the board include:

- establishing, monitoring and reviewing corporate strategies and performance objectives;
- appointing and when necessary replacing the CEO, Company Secretary and senior management;
- reviewing the performance and composition of the board and approving board, CEO and executive succession planning and remuneration frameworks.
- approving and monitoring financial reporting and Company performance, including the external audit and ensuring continuous material disclosure.
- approving dividends, major capital expenditure, acquisitions, and capital raising/restructures.
- ensuring that appropriate risk management systems, internal compliance and control, reporting systems, codes of conduct, and legal compliance measures are in place and effective; and
- monitoring progress in relation to the Company's diversity objectives and compliance with its diversity policy.

The managing director and Chief Executive Officer (CEO), Mr. E Hazouri, is a member of the board. The CEO has responsibility for the day-to-day operations of the Company and is supported in these functions by senior management. The board maintains ultimate responsibility for strategy and control of the Company.

The board has delegated day-to-day responsibility for the management of the Company to the CEO/Chairman, including:

- implementing corporate strategies and making recommendations to the board on significant corporate strategic initiatives.
- implementing and maintaining appropriate risk management and compliance frameworks; and
- keeping the board updated on the performance of the Company, including financial reporting and continuous disclosure information.

CORPORATE GOVERNANCE STATEMENT (continued)

2. The board oversees the appointment and induction process for directors and committee members, and the selection, appointment and succession planning process of the Company's executive management team. When a vacancy exists or there is a need for particular skills, the board determines the selection criteria based on the required skills. The appropriate skill mix, education, experience, personal qualities, and diversity are factors considered in each case, and the appropriate checks are made into the candidate's background. If these criteria are met and the board appoints the candidate as a director, that director must have their appointment approved by shareholders at the next annual general meeting. The skills, experience, and expertise relevant to the position of each director in office during the year ended 30 June 2023 are detailed on pages 13 of this report.

The board aims through the notices of meeting for annual general meetings to provide shareholders with all material information known to the board relevant to a decision on whether or not to elect or re-elect a director, as well as a statement as to whether the board supports the election or re-election of the director.

Senior executives, including the CEO and the Company Secretaries, have a formal job description and letter of appointment describing their term of office, duties, rights and responsibilities. The appointment letter is consistent with the ASX Recommendations.

There is no formal process for periodic evaluation of the performance of the board, board committees, individual directors and senior executive. While no performance evaluation of the Board or management was carried out during the reporting period, this is continually monitored by the Chairman and the Board. The Chairman also speaks to each director individually regarding their role as a director.

The Company Secretaries have responsibility for the company secretarial duties, including coordination of all Board business, including agendas, Board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings, and are accountable directly to the board, through the Chairman. The decision to appoint or remove company secretaries are made by the board.

3. The company does not have a nomination committee as the size of the company and the board does not warrant such a committee. All board nomination matters are considered by the whole board, including board succession, continuing development of board members and performance evaluation.
4. Of the three directors, Mr. G. Shad is a non-executive and an independent director. While a majority of the board members are not independent directors, the board believes that the people on the board can and do make independent judgements in the best interests of the company at all times. No independent director of the Company has any interest, position, association or relationship that may compromise the independence of the director based on the criteria described in Box 2.3 of the Corporate Governance Principles and Recommendations (Third edition March 2014).
5. The chairman is an executive director and a major shareholder and therefore is not an independent director. The Board believes that even though the chairman is not an independent director the chairman is able to make quality and independent judgements on all relevant issues falling within the scope of the role of a chairman.

The roles of Chairman and Chief Executive Officer are currently exercised by the same individual which is believed to be appropriate given the size of the Company.

The length of service of each director is set out in the following table:

Director	Length of Service
Mr. R. Hazouri	30 years
Mr. E. Hazouri	30 years
Mr. G. Shad	20 years

CORPORATE GOVERNANCE STATEMENT (continued)

6. The consolidated entity recognises the need for directors and employees to observe the highest standards of behaviour and business ethics. All directors and employees are required to act in accordance with the law and with the highest standard of propriety.

The Company has adopted a code of conduct to guide compliance with legal and other obligations to stakeholders of the Company which may be accessed on the Company's website (<https://www.hitechaustr.com>). This code provides guidance to directors and management on practices necessary to maintain confidence in the integrity of the Company.

7. The Board has not yet established objectives in relation to gender diversity but is committed to a continuation of current employment practices where employees are selected on merit. The aim is to achieve greater diversity not only in gender but also in matters of age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender identity within director and senior executive positions as they become vacant and appropriately skilled candidates are available.

Details of female representation in the company are set out below:

	Number	%
Number of women employees in the whole organisation	9	56

The Company is not a "relevant employer" under the Workplace Gender Equality Act.

8. The Company has established an Audit Committee with an independent chairman Mr George Shad and one other member who is an executive director. The board has established an Audit and Risk Management Committee which provides assistance to the board in fulfilling the corporate governance and oversight responsibilities of the board to verify and safeguard the integrity of the financial reporting of the Company. During the financial year, the audit and risk committee met 2 times.

A formal charter of the audit and risk management committee has been approved by the Board a copy of which can be viewed on the Company's website (<http://www.hitechaustr.com>).

As required by Section 250T of the Corporations Act 2001 the company's auditor attends annual general meetings of the company and the chairman of those meetings allows a reasonable opportunity for members to ask questions of the auditor concerning the conduct of the audit and the preparation and content of the auditor's report.

9. The board requires the managing director and the employees who jointly perform the function of the chief financial officer (CFO) to state in writing to the board that in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

10. The Company has established procedures designed to ensure compliance with the ASX Listing Rules so that Company announcements are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Established policies which can be viewed on the Company's website also ensure accountability at a senior management level for ASX compliance. The Board approves all disclosures necessary to ensure compliance with ASX Listing Rule disclosure requirements.

CORPORATE GOVERNANCE STATEMENT (continued)

11. The Company has a communications strategy and an established policy on stakeholder communication and continuous disclosure to promote effective communication with shareholders, subject to privacy laws and the need to act in the best interests of the Company by protecting commercial information.

The Company's policy on communication with shareholders is set out in the Company's 'Policy on stakeholder communication and continuous disclosure' which can be viewed on the Company's website

Investors are able to access information about the company and its governance via the company's website (<https://www.hitechaust.com>) in the Investor Relations section. Investor relations representatives of HiTech are available to meet with shareholders from time to time and respond to queries addressed to our investor relations email address (info@hitechaust.com). Security holders are able to send and receive communications electronically to the Company and our share registry via our share registry, Computershare.

HiTech aims to actively engage with shareholders and other stakeholders at the Annual General Meeting. At each AGM, discussion is encouraged regarding the performance of the company, prospects, management and the board, and any other area of interest or concern. Security holders who are unable to attend the AGM are able to ask questions and make comments ahead of the meeting, for response both individually and as a discussion item at the AGM.

12. The board has established policies on risk oversight and management which may be viewed on the Company website (<https://www.hitechaust.com>). The audit and risk committee oversees both the audit and risk management of the company. Details of the composition, independence and membership of the committee can be found under the section 4.1 of this document, as related to the audit function of the committee, and the committee charter may be found on the HiTech website.

The board continually monitors areas of significant business risk with input from the audit and risk committee. Practices have been established to ensure:

- capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- financial exposures are controlled, including the use of derivatives. Further details of the Company's policies relating to interest rate management, forward exchange rate management and credit risk management are included in the financial statements;
- occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- business transactions are properly authorised and executed;
- the quality and integrity of personnel;
- financial reporting accuracy and compliance with the financial reporting regulatory framework; and
- crisis management policies are in effect.

Systems of internal financial control have been put in place by the management of the Company and are designed to provide reasonable, but not absolute protection against fraud and material misstatement. These controls are intended to identify, in a timely manner, control issues that require attention by the board or audit and risk committee.

The board continually monitors the Company's risk management framework and reviews the audit and risk committee charter and policy on risk oversight and management annually to ensure that the framework is robust. The Company's risk management framework has been continuously monitored throughout the year ended 30 June 2023, and revisions have been made as necessary on an ongoing basis throughout the financial year.

The risk management and internal control processes of the Company are evaluated and monitored for effectiveness by the audit and risk committee in conjunction with the board on an ongoing basis.

13. HiTech recognises the importance of ensuring the economic, environmental and social sustainability of the Company. The board monitors sustainability issues and works closely with management to establish best practices. The board has determined that there are no current material exposures to economic, environmental and social sustainability risks.

CORPORATE GOVERNANCE STATEMENT (continued)

14. Due to the size of the Board, the Company does not have a remuneration committee. The functions normally carried out by such a committee are currently handled by the whole Board.

The remuneration policy, which sets the terms and conditions for the chief executive officer and other senior executive has been approved by the board. All executives receive a base salary, superannuation and performance incentives. The board reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies. Executives are entitled to participate in the employees share option arrangements. The criteria used in determining the issue of options to management include achievement of revenue and profit targets, new business generated, loyalty and years of service plus other criteria.

Options are issued to Directors and Company Executives as part of their remuneration. The options are not issued based on performance criteria but are issued to all Directors and executives of the Company to increase goal congruence among Directors, executives and shareholders.

The amount of remuneration of all directors and executives, including all monetary and non-monetary components, is detailed in the Director's Report. All remuneration paid and options issued to executives are valued at a cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

If a participant in equity-based remuneration scheme established by the Company enters into any transactions (whether through the use of derivatives or otherwise) which is designed to limit the economic risk of participating in the equity-based remuneration scheme:

(a) the participant must disclose details of the transaction to the Company Secretary.

(b) the Company Secretary will disclose to the Board all details of any such economic risk management transactions.

The board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the economic entity. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

DIRECTORS' REPORT

The directors of HiTech Group Australia Limited present their report on the company and its controlled entities for the financial year ended 30 June 2023.

Directors

Information on directors

The following persons were Directors of HiTech Group Australia Limited during the whole of the financial year and up to the date of this report, unless otherwise stated.

Raymond Hazouri

Chairman, Company Secretary (appointed Company Secretary 13 February 2015)

Qualifications: BA (Sydney University), DipEd.

Experience: Founded HiTech in 1993 and has over 32 years' experience in the IT industry. Prior to establishing HiTech, Ray worked in several capacities in the information technology industry ranging from management positions, technical IT consulting roles including systems analysis/programming, project management and sales roles. Ray worked and consulted for a broad range of employers in the private, multinational, SME, and public sectors.

Interest in shares: 17,760,000 ordinary shares in HiTech Group Australia Limited.

Other current and former directorship in last three years: Nil

George Shad

Non-executive Director.

Qualifications: Solicitor

Experience: Appointed to the Board on 30 July 2003. Principal of Shad Partners Solicitors with thirty years' experience as a lawyer specialising in commercial and conveyancing work.

George is a panel solicitor for several major banks and his expertise and contacts in the corporate sector will assist HiTech in furthering its client base.

Special responsibilities: Chairman of the Audit and Risk Committee

Interest in shares and options: 250,000 ordinary shares and 50,000 unlisted options in HiTech Group Australia Limited.

Other current and former directorship in last three years: Nil

Elias Hazouri

Executive Director, Chief Executive Officer, Company Secretary (appointed Company Secretary 13 February 2015)

Qualifications: B Sc, MBA

Experience: Appointed to the Board on 30 July 2003 as an alternate Director representing Ray Hazouri when he was not available. Over 32 years' experience in IT and banking. Elias was previously a director of HiTech from 1993-March 2000. Elias's knowledge of HiTech's business is extensive.

Throughout his career, Elias has been integral to the development of many IT systems and IT support departments. He has held roles ranging from programmer to technology support head. Elias is a key resource and knowledge base to the HiTech account managers and is jointly responsible for generating new business.

Elias has advised on business strategy, both from a financial and operational perspective, since the inception of HiTech in 1993. Elias is employed in the capacity of Chief Executive Officer.

Interest in shares and options: 8,826,202 ordinary shares, 50,000 unlisted options, HiTech Group Australia Limited beneficially owned by him.

Other current and former directorship in last three years: Nil

Company Secretaries

Ray Hazouri (Director)

Elias Hazouri (Director)

Directors' meetings

The following table sets out the number of directors' meetings (including meeting of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or a committee member). During the financial year 3 board meetings and 2 audit committee meetings were held.

	Board of Directors		Audit Committee	
	No eligible to Attend	Attended	No eligible to Attend	Attended
Mr R Hazouri (*by invitation)	3	3	2*	2*
Mr E Hazouri	3	3	2	2
Mr G Shad	3	3	2	2

Dividends

The directors have declared a fully franked dividend of 5 cents per share which will be paid on 18 September 2023 to shareholders registered on close of business on 1 September 2023.

Earnings per share

Basic and Diluted earnings per share

12.89

Corporate structure

HiTech Group Australia Limited is a listed public company, limited by shares, and is incorporated and domiciled in Australia. HiTech has prepared a consolidated financial report incorporating the entities that it controlled during the financial year.

Nature of operations and principal activities

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

During the financial year, there were no significant changes in the nature of these operations.

Group overview

The HiTech Group currently supplies permanent and contract staff from its large, personalised, database of over 398,000 specialised ICT, Finance and Office Support professionals which has been developed over the past 30 years. Its main business comes from IT contracting/consulting.

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

HiTech Group Australia Limited and Controlled Entities

A.B.N. 41 062 067 878

Operating and financial review

Operating results

For the financial year ended 30 June 2023, the consolidated entity's operating **revenue is \$74,477,580 an increase of 18.00%** over the previous corresponding period (pcp):

- **Gross Profit is \$10,989,942, an increase of 18.1%** over pcp (FY22: \$9,304,117).
- **EBITDA is \$7,626,821**, an increase of **12.9%** over pcp
- **NPAT is \$5,437,729**, an increase of **23.5%** over pcp
- **Basic and Diluted EPS is 12.89 cents**, an increase of **20%** over pcp
- Our Net Tangible Assets (NTA) is **\$0.18 per share**

Permanent recruitment comprises the search and selection of candidates for full time employment. 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 recurring cash flow.

HiTech's recruitment business is broadly based in the ICT sector and operates across the full range of ICT services, including digital transformation, systems development, infrastructure architecture & cloud integration, operations, support and project management. As the digital transformation cycle gains momentum, there is a growing need for skilled ICT professionals, especially in the digital specialisation space. HiTech is addressing the demand for specialised ICT skills by making use of its database and comprehensive contacts internationally.

We have scope to grow our revenue by further developing our other divisions including; office support, sales and finance. Whilst this diversification remains minor in comparison to ICT consulting and recruitment, it allows us to potentially grow our earnings further.

HiTech's reputation for top quality service and the provision of the best talent available, has resulted in HiTech establishing a small but successful niche market position. The demand for quality technical candidates has accelerated over the past 12 months.

HiTech's market share of the total multibillion dollar Australian consulting & recruitment market is relatively small but increasing. This represents a significant growth potential for the group. HiTech is focused on servicing existing clients by providing a complete recruitment and ICT service solutions (Managed Services) in addition to contracting.

As HiTech's core competency is in recruitment & talent acquisition, our strategy is to build on our existing client base and maximise revenue from existing clients by effectively providing personnel to not only the ICT sector but also to other sectors such as administration and office support, sales and marketing, and finance. There is also a possibility of broadening the consolidated entity's operations into geographical markets in which HiTech operates.

We are working towards winning new business and ensuring that operating costs are kept to a minimum.

Future developments, prospects and business strategies

The HiTech Group is well positioned to capitalise on the consistent demand for ICT talent and services encompassing cloud and cyber security services and products. We expect that our clients will continue to seek best of breed quality talent and services to enable their ever-growing secure online services capabilities. Our task is to continue delivering top quality services and maintain our profitable growth.

We cannot, at this point, forecast with any certainty the results of next year. The directors' main objective will be organic growth in the consolidated entity's core business and further enhancing existing client business.

Significant Changes in state of affairs

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

HiTech Group Australia Limited and Controlled Entities

A.B.N. 41 062 067 878

Events subsequent to reporting date

The directors declared a fully franked final dividend of 5 cents per share. The dividend will be paid on 18 September 2023 to shareholders registered on close of business on 1 September 2022. (Note 18)

Environmental regulations

The consolidated entity's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnifying officers or auditor

During or since the end of the financial year, the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company has paid premiums to insure all of the directors of the company has named above, the company secretaries and all executive officers of the company against any liability incurred as such by a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or any related body corporate against a liability incurred as such by an officer or auditor.

Remuneration report - Audited

This report outlines the remuneration arrangements in place for directors and executives of HiTech Group Australia Limited. The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

The names of directors in office at any time during or since the end of the year are:

Mr Raymond Hazouri, Mr George Shad and Mr Elias Hazouri

Remuneration Policy

The Board determine the remuneration policy applicable to each executive key management person as and when required based on market rates and capacity to pay. All executive key management were appointed under arm's length agreements acceptable to both parties. Key management personnel are entitled to participate in the employee share option benefits at the discretion of the Board.

Details of remuneration

Details of the remuneration of the Directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified executives of HiTech Group Australia Limited are set out in the following table:

Refer to note 29 for disclosure of share and option details.

HiTech Group Australia Limited and Controlled Entities
A.B.N. 41 062 067 878

Remuneration - Key management personnel of the Group 2023

2023	Short-term employee Benefits	Post-employment benefits	Long-term benefits	
Name	Cash salary and fees	Superannuation	Long service leave	Total
Non-executive directors	\$	\$		\$
G. Shad*	10,000	-	-	10,000
Sub-total non-executive directors	10,000	-	-	10,000
Executive directors				
R. Hazouri	520,000	63,416	5,535	588,951
E. Hazouri	646,133	60,493	89,192	795,818
Sub-total Executive directors	1,166,133	123,909	94,727	1,384,769
Total compensation (group)	1,166,133	123,909	94,727	1,394,769

Remuneration - Key management personnel of the Group 2022

2022	Short-term employee Benefits	Post-employment benefits	Long-term benefits	
Name	Cash salary and fees	Superannuation	Long service leave	Total
Non-executive directors	\$	\$		\$
G. Shad*	10,000	-	-	10,000
Sub-total non-executive directors	10,000	-	-	10,000
Executive directors				
R. Hazouri	275,000	27,500	5,285	307,785
E. Hazouri	799,133	57,613	39,389	896,135
Sub-total Executive directors	1,074,133	85,113	44,674	1,203,920
Total compensation (group)	1,084,133	85,113	44,674	1,213,920

* Wholly paid to a related entity of the key management person

Group performance in relation to key management personnel compensation

The following table shows the performance of the Consolidated Group over the past six financial years:-

FY	Sales Revenue \$	NPAT/(NLAT) \$	Basic EPS Cents	Diluted EPS Cents	Net Equity \$	NTA per share cents	Dividends \$	Average Share Price Cents
2017	22,234,598	2,485,346	6.57	6.55	6,664,836	19.00	1,674,500	56.00
2018	26,356,197	2,675,554	6.75	6.75	7,411,833	19.00	2,460,500	83.22
2019	30,256,920	2,898,316	7.62	7.62	7,266,148	19.00	3,044,000	101.00
2020	33,357,189	3,336,117	8.77	8.77	6,349,515	16.00	3,614,750	119.90
2021	42,051,802	3,636,602	9.32	9.32	6,319,116	16.00	3,667,001	182.00
2022	62,981,810	4,403,625	10.73	10.73	7,432,744	18.00	4,002,500	184.00
2023	74,354,662	5,437,729	12.89	12.89	7,606,722	18.00	5,263,750	194.00

The outlook for FY2024 will depend on the prevailing state of the local and global economy. We cannot forecast exact results at this point.

HiTech Group Australia Limited and Controlled Entities

A.B.N. 41 062 067 878

Employment contracts

Mr Ray Hazouri, is employed under a contract, and the CEO, Mr Elias Hazouri, is employed under a contract. Under the terms of the present contracts, these executives may resign from their positions and thus terminate their contract by giving one year's written notice. The company may terminate these employment agreements by providing twelve months written notice or by payment in lieu of the notice period based on the executives' fixed component of remuneration.

Auditor Independence declaration

The lead auditor's independence declaration for the year ended 30 June, 2023, as required under section 307C of the Corporations Act 2001, has been received and is set out on page 19 of the financial report.

Non-audit services

The board of directors, in accordance with advice received from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditor imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the auditors for the year ended 30 June, 2023:

Taxation services	<u>\$ 1,800</u>
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Proceedings on behalf of the Company

No person has applied for leave of 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 any part of those proceedings. No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 23 of the Corporations Act 2001.

Signed in accordance with a resolution of the board of directors.



Raymond Hazouri
Director

Sydney, 15 September 2023

Level 6
350 Kent Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

K.S. Black & Co.

ABN 48 117 620 556

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001

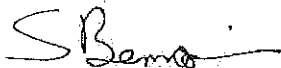
To the Directors of Hitech Group Australia Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there has been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

The entities are in respect of HiTech Group Australia Limited and the entities it controlled during the period.

KS Black & Co
Chartered Accountants




Scott Bennison
Partner

Dated in Sydney on this 15th day of September 2023

Phone 02 8839 3000
Fax 02 8839 3055

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DIRECTORS' DECLARATION

1. the financial statements and notes, as set out on pages 26-43, are in accordance with the Corporations Act 2001, including:
 - a) Complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors.



Raymond Hazouri
Director
Sydney, 15 September 2023

Level 6
350 Kent Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

K.S. Black & Co.

ABN 48 117 620 558

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

INDEPENDENT AUDITOR'S REPORT

To the Members of the HiTech Group Australia Limited

Opinion

We have audited the financial report of HiTech Group Australia Limited (the company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and 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 2023 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and *the Corporations Regulations 2001*.

Basis of 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 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 financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Phone 02 8889 3000
Fax 02 8889 3055



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Level 6
350 Kent Street
SYDNEY NSW 2000

K.S. Black & Co.

ABN 48 117 620 556

20 Grose Street
North Parramatta NSW 2151

75 Lyons Road
DRUMMOYNE NSW 2047

PO Box 2210
North Parramatta NSW 1750

Key audit matter	How our audit addressed the key audit matter
Cash and cash equivalents Refer to note 7 – cash and cash equivalents. At 30 June 2023, the Group has cash and cash equivalents of \$10.5mil. The material amount of cash is a key audit matter.	Our procedures included, amongst others: <ul style="list-style-type: none">External bank confirmations.Increased substantive testing in relation to receipts and payments.Traced sample of receipts and payments to invoices and confirm authorisation.Reviewed general ledger to check for unusual and/or large payments.Confirmed balance in the financial statements by reconciling bank statements to general ledger balances.

Key audit matter	How our audit addressed the key audit matter
Trade and other receivables Refer to note 8 – trade and other receivables. At 30 June 2023, the Group has trade and other receivables of \$1.2mil. Included in trade and other receivables are amounts relating to accrued income that are material. The material amount of trade and other receivable in the financial statements in conjunction with accrued income is a key audit matter.	Our procedures included, amongst others: <ul style="list-style-type: none">We have confirmed balances of trade receivables to customer invoices.We have reviewed the provision for doubtful debts and considered it reasonable.We have reviewed other receivables, considered impairment and sighted documentation.We have selected sample invoices prior to and after 30 June to confirm cut-off.We have performed subsequent receipts testing.

Phone 02 8839 3000
Fax 02 8839 3055

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Level 6
350 Kent Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

K.S. Black & Co.

ABN 48 117 620 556

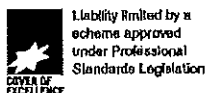
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North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

Key audit matter	How our audit addressed the key audit matter
<p>Sales revenue and cost of sales Refer to note 4(a) and (5).</p> <p>For the year ended 30 June 2023, the Group has had gross sales revenue of \$74.3mil and cost of sales of \$63.4mil.</p> <p>We note that included in gross revenue is accrued sales revenue that is material.</p> <p>Additionally, included in the cost of sales are employment/contractor expenditure that is material due to its size and percentage of total expenditure.</p> <p>For the reasons stated above, gross sales revenue and cost of sales are a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> We have sampled invoices relating to sales and cost of sales, confirmed details, traced to general ledger and traced to bank statements. In respect of sales revenue, we performed subsequent receipts testing to confirm valuation. We have performed testing of sales and expenditure invoices prior to and post 30 June 2023 to confirm cut-off. We have reviewed sample employee/contractors contracts ensuring that all revenue invoiced and payments are in accordance with contract terms. With respect to going concern, we have reviewed forecast sales contracts ensuring continuation of sales revenue for the next 12 months. We have reviewed documentation relating to employee/contractors to ensure compliance with award/contractual conditions and correct classification in the financial statements of employee entitlements.

Key audit matter	How our audit addressed the key audit matter
<p>Trade and other payables Refer to note 14.</p> <p>For the year ended 30 June 2023, the Group had trade and other payables of \$4.4mil.</p> <p>The connectiveness to cost of goods sold for the payment for employees and contractors, cut off, accrued employee entitlements and size of the amount are a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> We have sampled invoices relating to trade and other payables, confirmed details, traced to general ledger and traced to bank statements. We have selected sample invoices prior to and after 30 June to confirm cut-off. We have obtained management representations with respect to on-hire employee services workplace obligations with respect to the classification and payment of employees and/or contractors. We note the recent High Court decisions in <i>CFMMEU v Personnel Contracting and ZG Operations v Jamsek</i> and obtained management representations in this regard.

Phone 02 8839 3000
Fax 02 8839 3055



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Level 6
350 Kent Street
SYDNEY NSW 2000

K.S. Black & Co.

ABN 48 117 620 556

20 Grose Street
North Parramatta NSW 2151

75 Lyons Road
DRUMMOYNE NSW 2047

PO Box 2210
North Parramatta NSW 1750

Other matter

We refer to the High Court decisions known as CFMMEU v Personnel Contracting and ZG Operations v Jamsek court cases in February 2022 and advise that the Group has prepared the financial statements based on knowledge of the High Court decisions, but as at the date of this report, are not aware of any matter that may create any uncertainty with employee entitlements as stated in the Financial Statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, 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 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 the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The directors 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 presentation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

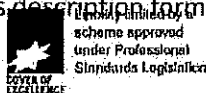
In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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 individually or in the aggregate, that could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our representation of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Phone 02 8839 3000
Fax 02 8839 9056



Level 6
350 Kent Street
SYDNEY NSW 2000

K.S. Black & Co.

ABN 48 117 820 556

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

75 Lyons Road
DRUMMOYNE NSW 2047

**Report on the Remuneration Report
Opinion on the Remuneration Report**


We have audited the Remuneration Report include in pages 16 to 18 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report for the year ended 30 June 2023 complies with section 300A of the Corporation 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.

KS Black & Co
Chartered Accountants



Scott Bennison
Partner
Dated:
Sydney

15/9/ 2023

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Fax 02 8839 8055

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2023

	Note	Consolidated Group	
		2023 \$	2022 \$
Revenue from continuing operations			
Sales Revenue	4(a)	74,354,662	62,981,810
Cost of sales	5	(63,364,720)	(53,677,693)
Gross Profit		10,989,942	9,304,117
Other revenue	4(b)	122,918	114,316
Marketing expenses		(33,771)	(24,010)
Occupancy expenses		(696,719)	(224,507)
Insurance and legal expenses		(58,118)	(119,448)
Administration expenses		(2,428,674)	(2,112,484)
Other expenses		(425,323)	(314,403)
Profit before income tax		7,470,255	6,623,581
Income tax expense	6	(2,032,526)	(2,219,956)
Profit attributable to members of the parent entity		5,437,729	4,403,625
Other comprehensive income		-	-
Total comprehensive income for the year		5,437,729	4,403,625
Earnings per Share:			
Basic and diluted earnings (cents per share)	28	12.89	10.73

Notes to financial statements are included on pages 29-43

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	Consolidated Group 2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	7	10,583,253	10,012,538
Trade and other receivables	8	1,176,515	2,049,224
Other current assets	9	53,322	62,975
TOTAL CURRENT ASSETS		11,813,090	12,124,737
NON-CURRENT ASSETS			
Plant and equipment	10	381,128	461,327
Deferred tax assets		314,012	272,075
Intangible assets	12	-	-
Right of Use assets		2,424,446	68,479
Other non-current assets	13	426,910	48,325
TOTAL NON-CURRENT ASSETS		3,546,496	850,206
TOTAL ASSETS		15,359,586	12,974,943
CURRENT LIABILITIES			
Trade and other payables	14	4,413,933	3,732,507
Provision for taxation	15	56,990	1,069,186
Lease liabilities	22	281,213	148,571
Other current liabilities		-	-
Deferred tax liabilities	11	45,860	54,147
Short-term provisions	16	609,470	506,677
TOTAL CURRENT LIABILITIES		5,407,466	5,511,088
NON-CURRENT LIABILITIES			
Lease liabilities	22	2,143,233	-
Long term provisions	16	202,165	31,112
TOTAL NON-CURRENT LIABILITIES		2,345,165	31,112
TOTAL LIABILITIES		7,752,864	5,542,200
NET ASSETS		7,606,722	7,432,744
EQUITY			
Contributed equity	17	4,450,713	4,450,713
Reserves		185,638	185,638
Retained earnings		2,970,371	2,796,393
TOTAL EQUITY		7,606,722	7,432,744

Notes to financial statements are included on pages 29-43

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2023

	Share Capital Ordinary	Retained Earnings	Employee Equity-settled Benefits Reserve	Total
	\$	\$	\$	\$
Balance at 1/7/2021	3,738,213	2,395,266	185,638	6,619,117
Exercise of Options	712,500	-	-	712,500
Total dividends paid for the year	-	(4,002,500)	-	(4,002,500)
Total comprehensive profit for the year	-	4,403,625	-	4,403,625
Balance at 30/6/2022	4,450,713	2,796,393	185,638	7,432,744
Balance at 1/7/2022	4,450,713	2,796,393	185,638	7,432,744
Total Dividends paid for the year	-	(5,263,751)	-	(5,263,751)
Total comprehensive income for the year	-	5,437,729	-	5,437,729
Balance at 30/6/2023	4,450,713	2,970,369	185,638	7,606,720

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 30 June 2023

	Note	Consolidated Group	
		2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		81,227,363	70,047,627
Payments to suppliers and employees		(71,951,020)	(60,909,179)
Interest received		10,734	514
Income tax (expenses)/refund		(3,094,947)	(1,651,853)
Net cash provided by operating activities	27	6,192,130	7,487,109
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets		(65,360)	(38,812)
Purchase of property, plant and equipment		(11,091)	(20,406)
Net cash (used in) / provided by investing activities		(76,451)	(59,218)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(281,213)	(25,314)
Dividend Paid		(5,263,751)	(4,002,500)
Net cash (used in) / provided by financing activities		(5,544,964)	(4,027,814)
Net increase / (decrease) in cash and cash equivalents held		570,715	3,400,078
Cash and cash equivalents at the beginning of the financial year		10,012,538	6,612,460
Cash and cash equivalents at the end of the financial year		10,583,253	10,012,538

Notes to financial statements are included on pages 29-43

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of HiTech Group Australia Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial report was authorised for issue on 15 September 2023 by the Board of Directors.

(i) Compliance with IFRS

The consolidated financial statements of the HiTech Group Australia Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, modified where applicable by the measurement at fair value of selected financial assets and financial liabilities.

(b) Financial report prepared on a going concern basis

The Directors believe that it is appropriate to prepare the financial report on a going concern basis because

- (i)** The Group has budgeted for sales in FY2024 at the same level of FY2023 with expected new contracting income from Government contracts.

(c) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of HiTech Group Australia Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. HiTech Group Australia Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

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(e) Revenue recognition

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue for the rendering of contracting and consulting services is recognised upon delivery of the service to the client while permanent placement fees are brought to account at the time of placement rather than the day of commencement of work. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

All Australian revenue is stated net of the amount of goods and services tax (GST).

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence, refer to note 1(k).

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

HiTech Group Australia Limited and its wholly-owned Australian controlled entities have not implemented the tax consolidation legislation.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. In relation to operating leases, a right of use asset and a lease liability is recognised with the right of use asset being depreciated and the lease liability being unwound in principal and interest components over the life of the lease.

(h) Impairment of assets

Assets are tested 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(k) Investments and other financial assets

Classification

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 8) and receivables in the statement of financial position.

Financial assets – reclassification

The group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

(l) Investments and other financial assets (continued)

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date – the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

NOTES TO THE FINANCIAL STATEMENTS

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the group's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Impairment testing of trade receivables is described in note 1(j).

(m) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on a diminishing balance or straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. Leasehold improvements are depreciated over the shorter of either the expired period of the lease or the estimated useful lives of the improvements. The following estimated useful lives are used in the calculation of depreciation:

	<u>Useful Life</u>
Plant and equipment	3-5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(n) Intangible assets

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to the Non-current asset – Intangible Assets (Note 12). Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a diminishing balance basis at 40% per annum.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits plus annual leave and long service leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Share-based payments

Share-based compensation benefits may be provided to directors, employees and company consultants.

The fair value of shares or options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the shares/options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity

(q) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(s) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except, where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis except for the GST component of cash flows arising from investing and financing activities which are disclosed as operating cash flows.

(t) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(u) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates – Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The group's financial assets at fair value through profit or loss are financial assets held for trading and are shares in listed entities which are recorded at fair value at balance date being the closing market bid price on that day. Impairment gains during the reporting period have been recorded as other income in the statement of profit or loss and other comprehensive income.

Key judgements – impairment of receivables

The directors have reviewed outstanding debtors as at 30 June 2023 and have formed the opinion that all debtors outstanding are collectible and have therefore decided that a provision for impairment should not be made. The major portion of debtors outstanding at balance date was with Australian Government departments with little or no risk of default.

(v) Parent entity financial information

The financial information for the parent entity, HiTech Group Australia Limited, disclosed in Note 25 has been prepared on the same basis as the consolidated financial statements, except as set out below,

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of HiTech Group Australia Limited.

NOTE 2: FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses different methods to measure different types of risk to which it is exposed. These methods include analysing the effect of interest rate rises, and other price risks, aging analysis for credit risk and comparison of the investment portfolios against the ASX All Ordinaries Index to determine market risk.

Risk management is carried out by management under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas including interest rate risk, credit risk, and investment of excess liquidity. The group's functional and presentation currency is the Australian dollars and the group has no foreign exchange dealings and therefore does not use derivative financial instruments.

The total for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated Group	
	2023	2022
	\$	\$
Financial Assets		
Cash	9,021,519	8,461,083
Deposits at call	1,561,734	1,551,455
Trade and other receivables	1,176,515	2,049,224
Financial assets at fair value through profit or loss	-	-
Other assets	371,000	48,055
	12,130,768	12,109,817
Financial Liabilities		
Trade and other payables	4,413,933	3,732,507
	4,413,933	3,732,507

(a) Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposure to customers as outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the group. The compliance with credit limits by customers is regularly monitored by line management. Sales to customers are required to be settled in cash, mitigating credit risk.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Consolidated Group	
	2023	2022
	\$	\$
Trade and other receivables		
Counterparts with external credit rating (Moody's)		
AAA Federal government departments and instrumentalities	1,023,649	2,049,224
Counterparts without external credit rating		
Group 1	-	-
Group 2	-	117,609
Group 3	-	-
Total trade and other receivables	1,023,649	2,049,224
Cash at bank and short-term bank deposits		
AA2	10,583,253	10,012,538

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Group 1 — new customers (less than 6 months)
 Group 2 — existing customers (more than 6 months) with no defaults in the past
 Group 3 — existing customers (more than 6 months) with some defaults in the past. The default was not recovered.

(b)Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial Liabilities. The group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational and financing activities;
- Ensuring that adequate capital raising activities are undertaken;
- maintaining a reputable credit profile; and
- investing surplus cash only with major financial institutions.

The group has no long term financial liabilities and uses existing cash and funds generated from operations to balance cash flow requirements.

All financial liabilities are due to be settled in less than one year.

	Weighted Av. Interest Rate	Interest free	Floating	Fixed interest maturing 1 to 5 1 year or less years	Total
2023					
Financial Assets					
Cash	NA	-	9,021,519		9,021,519
Deposits at call	4.00%		1,561,734		1,561,734
Trade and other receivables	NA	1,023,649			1,023,649
Other assets	NA			371,000	- 371,000
		1,023,649	10,583,253	371,000	- 12,130,768
Financial Liabilities					
Trade and other payables	NA	4,413,933			4,413,933
		4,413,933			4,413,933

NOTE 3: SEGMENT INFORMATION

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

NOTE 4: REVENUE

	Consolidated Group	
	2023	2022
	\$	\$
Revenue from continuing operations		
(a) Services		
- Contracting and permanent placement revenue (i)	74,354,662	62,981,810
(b) Other revenue		
- Interest received – other entities	122,918	114,316
- Other	-	-
Total revenue	74,477,580	63,096,126

(i) Contracting revenue includes permanent placement fees, commission earned on contracting and contract services provided.

NOTE 5: EXPENSES

	Consolidated Group	
	2023	2022
	\$	\$
Cost of providing services	63,364,720	53,677,693
Rental expenses on operating leases		
- Minimum lease payments	251,562	148,571
Depreciation and amortisation of non-current assets		
- Plant and equipment	38,529	43,059
- Motor vehicles	52,760	52,760
- Software	65,359	38,812
Net transfers to provisions – employee benefits	195,040	183,442

NOTE 6: INCOME TAX

(a) Income tax expense		
Current tax	1,952,763	1,987,075
Deferred tax	79,763	232,881
	2,032,526	2,219,956
(b) Numerical reconciliation of income tax (benefit)/expenses to prima facie tax payable		
Profit before income tax expense at 30%	2,241,076	2,199,883
Add tax effect of:		
Other assessable income	(91,952)	(160,083)
Non-deductible depreciation and amortisation and other non-allowable items	(15,009)	-
Less tax effect of:		

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Non-assessable income	-	-
Deductible Expenses	131,292	180,156
DTA previously not recognised	(232,881)	-
Income tax expense	<u>2,032,526</u>	<u>2,219,956</u>

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2023 \$	2022 \$
Cash at bank and in hand	9,021,519	8,461,083
Bank term deposits	<u>1,561,734</u>	<u>1,551,454</u>
	<u>10,583,253</u>	<u>10,012,538</u>

The effective interest rate on bank deposits at call is 4.00%

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<u>10,583,253</u>	<u>10,012,537</u>
	<u>10,583,253</u>	<u>10,012,537</u>

Interest rate exposure

The Group and the parent entity's exposure to interest rate risk is discussed in Note 2.

NOTE 8: CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2023 \$	2022 \$
Trade and other receivables	<u>1,176,515</u>	<u>2,049,224</u>

(a) Impaired trade receivables

As at 30 June 2023, none of the trade receivables of the Group were impaired (2022: \$0)

(b) Past due but not impaired

As at 30 June 2023, trade receivable of \$188,530 (2022: \$117,610) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

30-60 days	135,961	77,893
61-90 days	52,569	39,717
90+ days	-	-
	<u>188,530</u>	<u>117,610</u>

(c) Credit terms

Credit terms which apply to trade customers are payment within 30 days from date of invoice.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 2 for further information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

NOTE 9: OTHER CURRENT ASSETS

Prepayment	53,322	62,975
	53,322	62,975
	53,322	62,975

NOTE 10: NON-CURRENT ASSETS – PLANT AND EQUIPMENT

Consolidated Entity

	Plant & Equipment	Leasehold Improvements	Motor vehicles	TOTAL
	\$	\$	\$	\$
As at 01 July 2022				
Cost or fair value	668,654	79,303	506,613	1,254,569
Accumulated depreciation	(517,222)	(79,303)	(196,718)	(793,242)
Net book value	151,432	-	309,895	461,326
Year ended 30 June 2022				
Opening net book balance	151,432	-	309,895	461,327
Additions	7,555	3,536	-	11,091
Depreciation charge	(38,008)	(521)	(52,760)	(91,290)
Net book balance	151,432	-	309,895	461,326
As at 30 June 2023				
Cost or fair value	676,209	82,839	506,613	1,265,661
Accumulated depreciation	(555,230)	(79,824)	(249,478)	(884,533)
Net book value	120,979	3,015	257,135	381,128

Plant and equipment has been tested for impairment at 30 June 2023 resulting in no impairment loss.

NOTE 11: DEFERRED TAX LIABILITIES

	Consolidated Group	
	2023	2022
	\$	\$
The balance comprises temporary differences attributable to:		
Provisions	45,860	54,147
Total deferred tax liabilities	45,860	54,147

NOTE 12: NON-CURRENT ASSETS - INTANGIBLE ASSETS

	Consolidated Group
At 1 July 2021	\$
Computer software at cost	1,147,664
Accumulated Amortisation and impairment	(1,147,664)
Net book value	-
Year ended 30 June 2022	
Opening net book balance	-
Additions	38,812
Amortisation and impairment	(38,812)
Net book value	-
As at 30 June 2022	-

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Computer software at cost	1,186,475
Accumulated Amortisation and impairment	(1,186,475)
Net book value	-

Year ended 30 June 2022

Opening net book balance	-
Additions	65,360
Amortisation and impairment	(65,360)
Net book value	-

As at 30 June 2023

Computer software at cost	1,251,835
Accumulated Amortisation and impairment	(1,251,835)
Net book value	-

NOTE 13: NON-CURRENT ASSETS – OTHER ASSETS

	Consolidated Group	
	2023	2022
	\$	\$
Security deposit for leased premises	426,910	48,325
	426,910	48,325

NOTE 14: CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated Group	
	2023	2022
	\$	\$
<i>Unsecured liabilities</i>		
Trade payables	505,133	928,700
Sundry payables and accrued expenses	3,908,800	2,803,807
	4,413,933	3,732,507

NOTE 15: PROVISION FOR TAXATION

	Consolidated Group	
	2022	2022
	\$	\$
Current Income Tax	56,990	1,069,186

NOTE 16: CURRENT LIABILITIES – SHORT-TERM PROVISIONS

	Consolidated Group	
	2023	2022
	\$	\$
Employee benefits	811,636	537,789
Reconciliation of movement in the liability is recognized in the statement of financial position as follows:-		
Prior year closing balance	616,595	433,152
Increase / (Decrease) in provision	195,041	104,637

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Current year closing balance	811,636	537,789
Provisions		
- Total current	609,471	506,676
- Total non-current	202,165	31,112
	811,635	537,789

NOTE 17: CONTRIBUTED EQUITY

	Consolidated Group	
	2023	2022
	\$	\$
42,200,000 ordinary shares (2022: 41,050,000)	4,450,713	4,450,713

Ordinary shareholders participate in dividends and the proceeds of winding-up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Share Options

Information relating to the group's employee share option plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 29.

Capital risk management

The group's objective when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements and the group's capital management strategy has not changed during the reporting period.

NOTE 18: DIVIDENDS

	Consolidated Group	
	2023	2022
	\$	\$
Dividends paid	5,263,750	4,002,500

NOTE 19: KEY MANAGEMENT PERSONNEL DISCLOSURES

	Consolidated Group	
	2023	2022
	\$	\$
(a) Key management personnel compensation:		
Short-term employee benefits	1,166,133	1,084,133
Post-employment benefits	123,909	85,113
Long Service Leave	94,727	44,464
	1,384,769	1,213,920

Details of key management personnel compensation are disclosed in the Remuneration Report on pages 16-18.

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(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options can be found in the Remuneration Report on pages 16-18.

(ii) Options holdings

2023	Balance 1.7.22	Granted as Remuneration	Options Exercised	Options Cancelled/ lapsed	Balance 30.6.23	Total Vested and Exercisable 30.6.23	Total un- exercisable 30.6.22
Staff	1,350,000	-	1,150,000	-	200,000	50,000	150,000
	-	-	-	-	-	-	-

2022	Balance 1.7.21	Granted as Remuneration	Options Exercised	Options Cancelled/ lapsed	Balance 30.6.22	Total Vested and Exercisable 30.6.22	Total un- exercisable 30.6.22
Staff	3,050,000	350,000	-	-	3,400,000	2,050,000	1,350,000
	-	-	-	-	-	-	-

(iii) Shareholdings

2023	Balance 1.7.22	Received as Remuneration	Options Exercised	Balance 30.6.23
<i>No of shares held by Key Management Personnel</i>				
R. Hazouri	17,760,000	-	-	17,760,000
E. Hazouri	8,826,202	-	-	8,826,202
	<u>26,586,202</u>	-	-	<u>26,586,202</u>

NOTE 20: REMUNERATION OF AUDITORS

	Consolidated Group	
	2023	2022
	\$	\$
During the year the following fees were paid or payable for services provided by the auditor of the parent entity:		
Audit and review of the financial statements	14,225	14,225
Other services:		
- preparation of tax return and other services	1,800	1,800
	<u>16,025</u>	<u>16,025</u>

NOTE 21: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets or contingent liabilities at balance date.

NOTE 22: COMMITMENTS

Non-cancellable operating leases

Lease commitments

The Company has obligation under the terms of these leases of its office premises for terms of up to 5 years, there are contractual options to extend the leases. Lease payments are payable in advance by equal monthly instalments due on the 1st day of each month. Future minimum rental payables under non-cancellable operating leases as at 30 June 2023 are as follows:

	Consolidated Group	
	2023	2022
	\$	\$
Due not later than one year	281,213	76,588
Due later than one year and not later than five years	<u>2,143,233</u>	-
	<u>2,424,446</u>	<u>76,588</u>

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NOTE 23: RELATED PARTY DISCLOSURES

- (a) **Subsidiaries**
Interests in subsidiaries are set out in Note 24.
- (b) **Key management personnel**
Disclosures relating to key management personnel are set out in Note 19.

NOTE 24: SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b)

Name of entity	Country of Incorporation	Class of Shares	Equity holding**
Parent entity			
HiTech Group Australia Limited	Australia	Ordinary	

** The proportion of ownership interest is equal to the proportion of voting power held.

NOTE 25: PARENT ENTITY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent Entity	
	2023	2022
	\$	\$
Statement of Financial Position		
Current assets	11,813,090	12,124,737
Total assets	15,359,586	12,974,943
Current liabilities	5,407,466	5,511,088
Total liabilities	7,752,864	5,542,200
Shareholders' equity		
Contributed equity	4,450,713	4,450,713
Option reserve	185,638	185,638
Retained Profit	2,970,371	2,796,393
Total equity	7,606,722	7,432,744
Profit for the year	5,437,729	4,403,625
Total Comprehensive income	5,437,729	4,403,625

NOTE 26: SUBSEQUENT EVENTS

The directors have declared a fully franked interim dividend of 5 cents per share. Total amount of \$2,110,000 to be paid on 18 September 2023 to shareholders registered at close of business on 01 September 2023.

NOTE 27: RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated Group	
	2023	2022
	\$	\$
Profit after income tax	5,437,729	4,403,625
Depreciation and amortisation of non-current assets	156,650	137,057
Decrease / (Increase) in assets		
Trade and other receivables	882,363	2,106,973
Deferred tax assets	(41,937)	(105,621)
Overprovision for taxation	-	-
Increase/ (Decrease) in liabilities		
Provisions for taxation	(1,012,196)	799,134
Trade and other payables	582,767	94,017

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Provisions	195,041	183,443
Deferred tax liabilities	(8,287)	(131,520)
Net cash flows provided by/(used in) operating activities	<u>6,192,130</u>	<u>7,487,108</u>

NOTE 28: EARNINGS PER SHARE

	Cents per Share	Cents per Share
Basic and diluted earnings per share	<u>12.89</u>	<u>10.73</u>

Basic and diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:-

	\$	\$
Earnings (i)	<u>5,437,729</u>	<u>4,403,625</u>
Weighted average number of ordinary shares (ii)	<u>42,200,000</u>	<u>41,050,000</u>

- (i) Earnings used in the calculation of basic earnings per share are net profit after tax as per the statement of profit and loss and other comprehensive income.
- (ii) The options outstanding are considered to be potential ordinary shares and therefore have not been included in the determination of basic earnings per share. Where dilutive, these potential ordinary shares are included in the determination of diluted earnings per share on the basis that each option will convert to one ordinary share (refer below).

NOTE 29: SHARE-BASED PAYMENTS

Employee option plan

The Company has established an employee share option plan in respect of which share options may be issued to participating employees and executive directors. Options issued to directors are approved by shareholders at annual general meetings.

The directors consider that the option plan provides employees and directors invited to take part in the plan, with an opportunity and an incentive to participate in the company's future growth and success.

The allocation of options to an employee or directors under the option plan is based on his or her potential future contributions to the growth and profitability of the company. Options generally lapse on the employee's resignation or termination.

When the options are converted to shares they carry full dividend and voting rights.

The closing share price of an ordinary share of HiTech Group Australia Limited on the Australian Stock Exchange at 30 June 2023 was \$1.72

	No	2023 Weighted Average Exercise Price	No	2022 Weighted Average Exercise Price
Balance at beginning of financial year (i)	1,000,000	0.75	3,050,000	0.75
Granted during the financial year (ii)	350,000	2.00	-	
Exercised during the financial year	1,150,000		2,050,000	
Lapsed/cancelled during the financial year (iii)				
Outstanding at end of financial year (iv)	200,000		1,000,000	
Exercisable at end of financial year (v)	200,000		1,000,000	

STOCK EXCHANGE INFORMATION

Statement of quoted securities as at 9 September 2023

DISTRIBUTION

- There are 805 shareholders holding a total of 42,200,000 ordinary shares on issue by the Company.
- The twenty largest shareholders between them hold 82.66% of the total issued shares on issue.
- Voting rights for ordinary shares are that on a show of hands each member present in person or by proxy or attorney or representative shall have one vote and upon a poll every member so present shall have one vote for every fully paid share held and for each partly paid share held shall have a fraction of a vote pro-rata to the amount paid up on each partly paid share relative to its issue price.

Distribution of quoted securities as at 9 September 2023

Ordinary shares

Range of holding	Number of holders
1 - 1,000	161
1,001 - 5,000	321
5,001 - 10,000	126
10,001 - 100,000	176
100,001 - and over	21
Total holders	805

There are 36 shareholders holding less than a marketable parcel.

Substantial shareholdings as at 09 September 2023 of Ordinary Shares

Ordinary shareholder	Total relevant interest notified	% of total voting rights
Ray Hazouri Nominees Pty Limited and Raymond Hazouri	17,760,000 ordinary shares	42.08%
E. Hazouri	8,826,202 ordinary shares	20.92%
S. Hazouri	1,980,000 ordinary shares	4.69%

Directors' share and option holdings

As at 9 September 2022, directors of the Company held a relevant interest in the following shares and options issued by the Company.

Director	Shares	Options
R. Hazouri	17,760,000	
G. Shad	250,000	50,000
E. Hazouri	8,826,202	50,000

Material differences to Appendix 4E

There are no material differences to the financial statements set out in this report when compared to the information set out in the Company's Appendix 4E preliminary final statement released to the ASX.

Restricted securities

There are no restricted securities on issue by the Company.

TOP 20 Shareholders

Rank	Name	Units	% Units
1	RAYHAZOURI NOMINEES PTY LTD	15,450,000	36.61
2	MR ELIAS HAZOURI	8,826,202	20.92
3	MR RAY HAZOURI	2,310,000	5.47
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,056,310	4.87
5	SALEM HAZOURI	1,980,000	4.69
6	MR JOHN RICHARD SNELL	810,723	1.92
7	HAROLD CRIPPS HOLDINGS PTY LTD	541,759	1.28
8	DORRAN PTY LTD	466,550	1.11
9	NCH PTY LTD	414,049	0.98
10	MRS THERESE GUY + MR DAVID GUY <THERESE SUPER FUND A/C>	320,000	0.76
11	DR GORDON SHINEWELL + MRS FAY SHINEWELL <GORDON & FAY SHINEW SUP A/C>	300,000	0.71
12	SHAD FAMILY SUPER PTY LTD <MANSHA ENT EMPLOYEE S/F A/C>	250,000	0.59
13	GATTENSIDE PTY LTD <HCH (1987) SUPER FUND A/C>	232,858	0.55
14	MRS THERESE GUY + MR DAVID GUY <THERESE GUY SUPER FUND A/C>	180,000	0.43
15	SHERWOOD PASTORAL LIMITED	169,000	0.40
16	DORINCO PTY LTD	140,000	0.33
17	CITICORP NOMINEES PTY LIMITED	123,544	0.29
18	B & C WHITEOAK SUPER PTY LTD <WHITEOAK SUPER FUND A/C>	105,000	0.25
18	MR FRANK MANISCALCO + MRS TERESA MANISCALCO <F & T MANISCALCO SUPER A/C>	105,000	0.25
20	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	101,435	0.24

Totals: Top 20 holders of FULLY PAID ORDINARY SHARES (Total) 34,882,430 82.66%