

Half yearly report 31 December 2020

Q Technology Group Limited

ABN 27 009 259 876

Results for announcement to the market

Extracts from this report for announcement to the market.

Extracts from this report for announcement to the market.

Revenues from ordinary activities	Down	-	to	-
Net loss from ordinary activities after tax attributable to members	Up	68.8%	to	(53,807)
Net loss for the period attributable to members	Up	68.8%	to	(53,807)
Dividends	Amount per security		Franked amount per security	
Interim dividend	Nil		Nil	
Previous corresponding period	Nil		Nil	
*Record date for determining entitlements to the dividend	No dividend has been declared or paid.			
Brief explanation of any of the figures reported above and short details of any other item(s) of importance not previously released to the market:				
Refer attached Half Year financial report				

Net Tangible Assets Backing	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	-1.00 ¢	-0.95 ¢

These accounts are not subject to audit dispute or qualification. The review report is attached as part of the Interim Report.

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2020

ABN 27 009 259 876



Q Technology Group Limited
ABN 27 009 259 876
Interim Financial Report

DIRECTORS' REPORT

CORPORATE DIRECTORY

DIRECTORS

Mr Douglas Potter (Chairman, Non-Executive)
Mr Edmond Tern (Non Executive Director)
Mr Howard Whitesmith (Managing Director)
Mr Rob Rosa (Non Executive Director)

AUDITORS

RSM Australia Partners
Level 21, 55 Collins Street
Melbourne VIC 3000
Telephone: +61 3 9286 8000
Facsimile: +61 3 9286 8199

COMPANY SECRETARY

Mr Andrew Phillips

REGISTERED OFFICE

5/23 Hunter Street
Sydney NSW 2000
Telephone: +61 3 9676 7054

SOLICITORS

CBW Partners
1/159 Dorcas Street
South Melbourne Victoria 3205
Telephone: +61 3 8646 3833

SHARE REGISTRY

Computershare
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067

STOCK EXCHANGE

Australian Stock Exchange
Level 45, South Tower, Rialto
525 Collins Street
Melbourne Victoria 3000

WEBSITE

www.qtechnologygroup.com.au

ASX CODE

QTG - Ordinary Shares

Q Technology Group Limited
ABN 27 009 259 876
Interim Financial Report

DIRECTORS' REPORT

Your directors submit the financial report of the Company for the half-year ended 31 December 2020.

Directors

The names of directors who held office during or since the end of the half-year:

Douglas Potter, Chairman and Non-executive Director
Edmond Tern, Non-executive Director
Howard Whitesmith, Managing Director
Rob Rosa, Non-executive Director

Principal Activities

Q Technology Group Limited is an investment Company with discussions progressing to recapitalize the business.

Significant Changes in the State of Affairs

There has been no significant change in the state of affairs during the period.

Review of Operations

Half-Year	31-Dec-20	31-Dec-19
Revenue	-	-
Gross Profit	-	-
GP Margin	-	-
EBITDA	(53,807)	(173,065)
EBITDA Margin	-	-
EBIT	(53,807)	(173,065)
EBIT Margin	-	-
Finance costs	-	-
Net Profit / (Loss)	(53,807)	(173,065)

Q Technology Group Limited did not trade during the period.

Q Technology Group Limited
ABN 27 009 259 876
Interim Financial Report

DIRECTORS' REPORT

Corporate update

There were no changes to Directors or Officers of the Company during the period.

Events Occurring After the Reporting Period

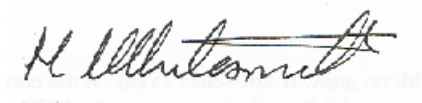
As disclosed in Note 1: *Going Concern* in the financial report, the Conditional Deed of Release with the Administrators of QRSciences Security Pty Ltd has expired at 31 December 2020 and as at the date of this report the Deed has not been extended.

No other matters or circumstances have arisen since the end of the reporting period which significantly affects the operations of the Company, results of these operations, or the state of affairs of the Company in future financial periods.

Auditor's Declaration

The auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 5 for the half year ended 31 December 2020.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'H. Whitesmith', is written over a faint, light blue rectangular stamp. The stamp contains some illegible text and a circular emblem.

Howard Whitesmith
Managing Director
Dated this 26 February 2021

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Q Technology Group Limited for the half year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to be "RSM".**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to be "BY CHAN".

B Y CHAN
Partner

Dated: 26 February 2021
Melbourne, Victoria

INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	31-Dec-2020	31-Dec-2019
Revenue		-	-
Interest income		-	-
Purchases		-	-
Changes in inventory		-	-
Employee benefits expense		-	(6,997)
Depreciation and amortisation expense		-	-
Finance costs		-	-
Other expenses		(53,807)	(166,028)
Profit/(Loss) before income tax		(53,807)	(173,065)
Income tax (expense)/benefit		-	-
Profit after income tax from continuing operations		(53,807)	(173,065)
Profit after income tax from discontinued operations		-	-
Net Profit/(Loss) for the period	2	(53,807)	(173,065)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(53,807)	(173,065)
Total comprehensive income attributable to:			
- Members of the Company		(53,807)	(173,065)
		(53,807)	(173,065)
Earnings per share from continuing and discontinued operations			
- Basic earnings per share (cents)		(0.04)	(0.12)
- Diluted earnings per share (cents)		(0.04)	(0.12)
-			
Earnings per share from continuing operations			
- Basic earnings per share (cents)		(0.04)	(0.12)
- Diluted earnings per share (cents)		(0.04)	(0.12)
-			
Earnings per share from discontinued operations			
- Basic earnings per share (cents)		-	-
- Diluted earnings per share (cents)		-	-

The accompanying notes form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 December 2020

	31-Dec-2020	31-Dec-2019
Profit/(Loss) for the period	(53,807)	(173,065)
Other comprehensive income		
Other comprehensive income for the period, net of tax		
Total comprehensive income for the period	(53,87)	(173,065)
Total comprehensive income attributable to:		
- Members of the Company	(53,807)	(173,065)
	(53,807)	(173,065)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	31 Dec 2020	30 Jun 2020
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and cash equivalents		7,608	-
Trade and other receivables		3,307	7,660
Inventories		-	-
Other current assets		-	-
TOTAL CURRENT ASSETS		10,915	7,660
<u>NON-CURRENT ASSETS</u>			
Property, plant and equipment		-	-
Deferred tax assets		-	-
TOTAL NON-CURRENT ASSETS		-	-
TOTAL ASSETS		10,915	7,660
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Trade and other payables		400,193	381,396
Borrowings	3	1,116,648	1,078,383
Provisions		-	-
TOTAL CURRENT LIABILITIES		1,516,841	1,459,779
<u>NON-CURRENT LIABILITIES</u>			
Borrowings		-	-
Provisions		-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		1,516,841	1,459,779
NET ASSETS		(1,505,926)	(1,452,119)
<u>EQUITY</u>			
Issued capital		76,661,475	76,661,475
Reserves		-	-
Accumulated losses		(78,167,401)	(78,113,594)
TOTAL EQUITY		(1,505,926)	(1,452,119)

The accompanying notes form part of these financial statements.

Q Technology Group Limited
ABN 27 009 259 876
Interim Financial Report

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Issued Capital Ordinary	Retained (Losses)	Options Reserve	Total
Balance at 1 July 2020	76,661,475	(78,113,594)	-	(1,422,119)
Profit/(Loss) for the period	-	(53,807)	-	(53,807)
Total other comprehensive income for the period	-	-	-	-
Total Comprehensive Income for the period	76,661,475	(78,167,401)	-	(1,505,926)
Shares issued during period	-	-	-	-
Loans converted into equity	-	-	-	-
Dividends paid or provided for	-	-	-	-
Balance at 31 December 2020	76,661,475	(78,167,401)	-	(1,505,926)

Balance at 1 July 2019	76,661,475	(77,910,038)	-	(1,248,563)
Profit/(Loss) for the period	-	(173,065)	-	(173,065)
Total other comprehensive income for the period	-	-	-	-
Total Comprehensive Income for the period	76,661,475	(78,083,103)	-	(1,421,628)
Shares issued during period	-	-	-	-
Loans converted into equity	-	-	-	-
Dividends paid or provided for	-	-	-	-
Balance at 31 December 2019	76,661,475	(78,083,103)	-	(1,421,628)

The accompanying notes form part of these financial statements.

Q Technology Group Limited
ABN 27 009 259 876
Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	31-Dec-2020	31-Dec-2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	-	-
Payments to suppliers and employees (inclusive of GST)	(30,657)	(129,912)
Interest received	-	-
Finance costs	-	-
Net cash (used in)/provided by operating activities	(30,657)	(129,912)
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfer to deposits	-	-
Purchase of property, plant and equipment	-	-
Net cash (used in)/provided by investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issue	-	-
Proceeds from borrowings	38,265	116,454
Net cash (used in) financing activities	38,265	116,454
Net increase/(decrease) in cash and cash equivalents held	7,608	(13,458)
Cash and cash equivalents at beginning of period	-	13,458
Cash and cash equivalents at end of period	7,608	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 1: BASIS OF PREPARATION

These general purpose interim financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Q Technology Group Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the entity. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the entity for the year ended 30 June 2020, together with any public announcements made during the following half-year.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New or amended Accounting Standards and Interpretations adopted

The entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 16 Leases

The Company has adopted AASB 16 from 1 July 2020. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. There was no impact as at 1 July 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the company incurred a loss of \$53,807 (HY2019: \$173,065 loss) and had net cash outflows from operating activities of \$30,657 (HY2019: \$129,912 outflow) for the half-year ended 31 December 2020. As at that date the company had net current liabilities of \$1,505,926 (30 June 2020: \$1,452,119 net current liabilities) and net liabilities of \$1,505,926 (30 June 2020: \$1,452,119 net liabilities). The company's subsidiary, QRSciences Security Pty Ltd, is in administration and a Deed of Cross Guarantee exists between the two entities.

These factors indicate a material uncertainty which may cast significant doubt over the ability of the company to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors have entered into a Conditional Deed of Release with the Administrators of QRSciences Security Pty Ltd to pay the Administrators \$200,000 in full and final settlement of the Deed of Cross Guarantee, to pay \$200,000 to Helmsman Funds Management Ltd in its capacity as trustee of Helmsman Capital Fund Trust IIA in full and final settlement of the outstanding loans and amounts owed to Helmsman Capital Fund Trust IIA, and to pay \$100,000 to a trust account to deal with matters specified in the Conditional Deed of Release.

The amounts owed to Helmsman Capital Fund Trust IIA at 31 December 2020 were \$1,323,077. Should the settlement with Helmsman Capital Fund Trust IIA occur, this will give rise to a future gain on loan settlement of \$1,123,077.

The Conditional Deed of Release is conditional on the successful recapitalisation of Q Technology Group Limited by 31 December 2020, and this deadline has not been met.

The Directors are confident that an extension of the Conditional Deed of Release will be agreed with the Administrator once a deal has been completed with interested parties on the recapitalisation of Q Technology Group Limited, which will raise sufficient funds to complete the payments under the Conditional Deed of Release and to pay all outstanding creditors.

Accordingly, the Directors believe that the company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company does not continue as a going concern.

In the event that:

- the Administrator of QRSciences Security Pty Ltd exercises the Deed of Cross Guarantee post 31 December 2020; or
- the Directors are unable to recapitalise Q Technology Group Limited, and therefore are unable to agree an extension of the Conditional Deed of Release with the Administrators, and unable to access the funds required to pay all outstanding creditors and loan holders;

the company would not be able to continue as a going concern and therefore would be unable to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 2: PROFIT/ (LOSS) FOR THE PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

	Note	31-Dec-2020	31-Dec-2019
Realised gains/(losses) on foreign currency		-	-
Unrealised gains/(losses) on foreign currency		-	-

NOTE 3: BORROWINGS

At 31 December 2020, loans of \$1.116,648 million are outstanding with Helmsman Capital Fund Trust IIA, the major shareholder of the company.

NOTE 4: OPERATING SEGMENTS

The Company operates one operating segment in one geographical area, being Australia.

NOTE 5: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

NOTE 6: EVENTS OCCURRING AFTER THE REPORTING PERIOD

As disclosed in Note 1: *Going Concern* in the financial report, the Conditional Deed of Release with the Administrators of QRSciences Security Pty Ltd has expired at 31 December 2020 and as at the date of this report the Deed has not been extended.

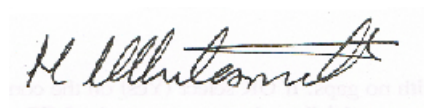
No other matters or circumstances have arisen since the end of the reporting period which significantly affects the operations of the Company, results of these operations, or the state of affairs of the Company in future financial periods.

Q Technology Group Limited
ABN 27 009 259 876
Interim Financial Report

DIRECTOR'S DECLARATION

In accordance with a resolution of the Directors of Q Technology Group Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 13 are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

A handwritten signature in black ink, appearing to read 'H. Whitesmith', with a horizontal line drawn through it.

Howard Whitesmith
Managing Director
Date: 26 February 2021

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

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

We have reviewed the accompanying half-year financial report of Q Technology Group Limited which comprises the statement of financial position as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Q Technology Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Q Technology Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates the company incurred a net loss of \$53,807 and had net cash outflows from operating activities of \$30,657 for the half-year ended 31 December 2020. As at that date the company had net current liabilities of \$1,505,926 and net liabilities of \$1,505,926. As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Conclusion

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

- (a) giving a true and fair view of the company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.



RSM AUSTRALIA PARTNERS



B Y CHAN
Partner

Dated: 26 February 2021
Melbourne, Victoria