

ASX AND MEDIA RELEASE
22 October 2014

COMMENTARY ON CASHFLOW

Q Technology Group Limited ("QTG") today announced a negative operating cash flow of \$1.3 million for the first quarter ended 30 September 2014. As announced previously, QTG had been working to settle the commercial dispute with Samsung Techwin during the quarter and that dispute was fully settled in August 2014 accounting for \$1.5 million of the negative operating cash flow.

QTG is pleased to report a positive EBITDA of \$0.13 million for the quarter noting that this result has been achieved notwithstanding the slow start to the financial year reported across the industry, and also the business interruption caused by changes to the Samsung distribution arrangements and the falling AUD against the USD which adversely impacted gross margins during the quarter.

QTG is confident that its operating company QSS will deliver a stronger result in coming months, through new product agreements, a continued focus on product rationalization and the current sales momentum which is building through the newly launched project sales initiatives.



Rob Rosa
Managing Director and CEO

About Q Technology Group Limited

Q Technology Group Limited is based in Melbourne, Victoria. The Group has annualised revenues of approximately \$25 million as a leader in the supply and support of high quality CCTV, video switching, networking, alarm and access control products.

For more information on the Company please visit

<http://www.qtechnologygroup.com.au>

<http://www.qsecuritysystems.com.au>

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

Q Technology Group Ltd

ABN

27 009 259 876

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from customers	6,075	6,075
1.2	Payments for		
	(a) staff costs	(1,204)	(1,204)
	(b) advertising & marketing	(3)	(3)
	(c) research & development	-	-
	(d) leased assets	(157)	(157)
	(e) other working capital	(5,824)	(5,824)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	1
1.5	Interest and other costs of finance paid	(191)	(191)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net operating cash flows		(1,303)	(1,303)

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,303)	(1,303)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	11	11
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(19)	(19)
(e) other non-current assets		
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(8)	(8)
1.14 Total operating and investing cash flows	(1,311)	(1,311)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings	(72)	(72)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	(72)	(72)
Net increase (decrease) in cash held	(1,383)	(1,383)
1.21 Cash at beginning of quarter/year to date	(1,216)	(1,216)
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	(2,599)	(2,599)

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	99
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	3,613	2,817
3.2 Credit standby arrangement	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	218	223
4.2 Deposits at call	1	1
4.3 Bank overdraft	(2,817)	(1,438)
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	(2,599)	(1,216)

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign: _____
 Date: 22 October 2014

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.