

ASX AND MEDIA RELEASE
29 January 2015

CASHFLOW COMMENTARY

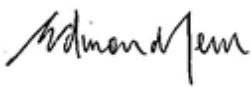
Q Technology Group Limited ("QTG") is pleased to announce a positive operating cash flow of \$0.466 million for the second quarter ended 31 December 2014.

The positive cash flow was achieved through continued management focus on improved working capital management of collections and reducing inventory. As announced previously, QTG's operating entity, Q Security Systems ("QSS") fully settled a commercial dispute with Samsung Techwin during the first quarter and has continued to successfully phase out a significant quantity of Samsung and other slow moving stock during the second quarter. QSS has maintained focus on product rationalization and forward planning delivering a better range of products to meet changing customer and market demands.

QTG had announced in last Annual General Meeting that overall market trading conditions were slow in first and second quarters which combined with falling AUD/USD exchange rates across the same period has adversely impacted profitability.

In light of these challenging trading conditions, QTG had taken steps to adjust the Company's cost base with cost reduction initiatives announced at the AGM. These initiatives are well on track to deliver target savings outcomes over the second half. Following the Board Restructure in December 2014 QTG has been conducting a strategic business review to identify business growth and improvement initiatives to build a better business.

QTG management met with its financier to review the banking covenants going forward noting that all covenants and compliance obligations, with the exception of the interest cover ratio have been met for the quarter ended 31st December 2014.



Edmond Tern
Company Secretary

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")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from customers	6,665	12,739
1.2	Payments for		
	(a) staff costs	(1,186)	(2,390)
	(b) advertising & marketing	(15)	(18)
	(c) research & development	-	-
	(d) leased assets	(190)	(347)
	(e) other working capital	(4,868)	(10,692)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	2
1.5	Interest and other costs of finance paid	58	(132)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net operating cash flows	466	(838)

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

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	466	(838)
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	(28)	(36)
(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	0	1
(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	(28)	(35)
1.14 Total operating and investing cash flows	439	(873)
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	(31)	(103)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	(31)	(103)
Net increase (decrease) in cash held	407	(976)
1.21 Cash at beginning of quarter/year to date	(2,599)	(1,216)
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	(2,192)	(2,192)

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	129
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	3,200	2,393
3.2 Credit standby arrangement	-	-

Reconciliation of cash

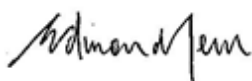
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	201	218
4.2 Deposits at call	1	1
4.3 Bank overdraft	(2,393)	(2,817)
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	(2,191)	(2,599)

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: 29 January 2015

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.