

**Appendix 4D**  
**Half yearly report**  
**31 December 2014**

**Q Technology Group Limited**  
**ABN 27 009 259 876**

Results for announcement to the market

\$A'000

Extracts from this report for announcement to the market.

Revenues from ordinary activities	Down	5.6%	to	12,510
Net Profit/(loss) from ordinary activities after tax attributable to members	Down	2794%	to	(512)
Net Profit/(Loss) for the period attributable to members	Down	2794%	to	(512)
<b>Dividends</b>	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	2.8 ¢	3.6¢

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 2014**

**ABN 27 009 259 876**



**and Controlled Entities**



**Q Technology Group Limited and Controlled Entities**  
**ABN 27 009 259 876**  
**Interim Financial Report**

**DIRECTORS' REPORT**

This Interim Financial Report covers Q Technology Group Limited and its controlled entities as a consolidated group. The Group's functional presentation currency is Australian Dollars.

**CORPORATE DIRECTORY**

**DIRECTORS**

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

**AUDITORS**

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

**CHIEF FINANCIAL OFFICER  
& COMPANY SECRETARY**

Mr Edmond Tern

**BANKERS**

Bank of Melbourne  
Level 8, 530 Collins Street  
Melbourne VIC 3000  
Telephone: +61 3 9274 4794  
Facsimile: +61 3 9274 4900

**REGISTERED OFFICE**

5/435 Williamstown Road  
Port Melbourne Victoria 3207  
Telephone: +61 3 9676 7000  
Email: [enquiries@qtechnologygroup.com.au](mailto:enquiries@qtechnologygroup.com.au)

**SOLICITORS**

Minter Ellison  
Rialto Towers, 525 Collins Street  
Melbourne Victoria 3000

**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](http://www.qtechnologygroup.com.au)  
[www.qsecuritysystems.com.au](http://www.qsecuritysystems.com.au)

**ASX CODE**

QTG - Ordinary Shares

**Q Technology Group Limited and Controlled Entities**  
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**DIRECTORS' REPORT**

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2014.

**Directors**

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

Douglas Potter, Chairman  
Rob Rosa, appointed on 6<sup>th</sup> October 2014  
Edmond Tern, appointed on 16<sup>th</sup> December 2014

Bruce Higgins, resigned on 16<sup>th</sup> December 2014  
Rick Stokes, resigned on 6<sup>th</sup> October 2014

**Principal Activities**

The principal activities of the consolidated group during the financial year were the importation and distribution of CCTV cameras, digital video recorders, security video management systems and access control systems.

**Significant Changes in the State of Affairs**

There had been no significant change in the state of affairs.

**Review of Operations**

Half-Year	31-Dec-14	31-Dec-13
	<b>\$'000</b>	<b>\$'000</b>
Revenue	12,510	13,246
Gross Profit	2,998	3,177
GP Margin	24.0%	24.0%
<b>EBITDA</b>	<b>(476)</b>	<b>359</b>
EBITDA Margin	-3.8%	2.6%
EBIT	(531)	279
EBIT Margin	-4.2%	2.1%
Finance costs	(100)	(112)
<b>Net Profit / (Loss)</b>	<b>(512)</b>	<b>19</b>

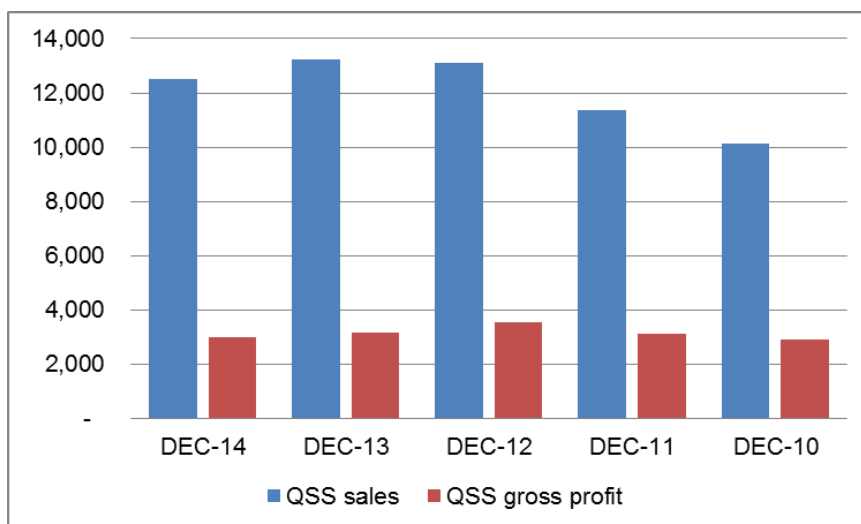
Q Technology Group Limited ("the Group") generated \$12.5 million in the first half of the financial year. A slower start this year reflecting general softer market conditions experienced by the construction and infrastructure industry particularly in government related spending. Revenue was down 5.6% to \$12.5 million compared to the previous corresponding period.

In the past six months, the Group weathered rapid rise of USD adversely affected the cost base of USD related imports. Notwithstanding that, the Group maintained the gross margin through operational efficiencies to deliver customers' value. The Group reported loss before tax for the period of \$0.630

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**DIRECTORS' REPORT**

million of which \$0.180 million was directly attributed to revaluation of USD creditors and \$0.324 million was directly attributable to negative gross margin sales of Samsung stock during the December quarter. The company's quit for cash strategy on Samsung stock contributed to the generation of \$0.466 million positive cash flow for the December quarter as reported in quarterly report.



In light of the unfavourable macro market conditions the Group decided to adjust its cost base to restore profitability. The Board of Directors announced a cost reduction initiative at the Annual General Meeting to reduce the Group's cost base by \$1.0 million. This program is now 60% complete. We have also reviewed current vendor agreements and introduced new product lines to ensure that we continue to expand our client offering. Over the past 6 months we have successfully introduced 41 new clients delivering \$1.2M in new revenue sales and this strategy continues to add and diversify new clients into the existing business model.

#### **Corporate update**

The Board announced the retirement of Mr Rick Stokes on October 2014 handing over the responsibilities of Managing Director to Mr Rob Rosa. On 16<sup>th</sup> December 2014, Mr Bruce Higgins resigned as Chairman and Non-executive director of the Board. On 16<sup>th</sup> December 2014, the Board announced the appointment of Mr Edmond Tern as Finance Director and the Board of Directors appointed Mr Douglas Potter as Chairman of the Board effective 16<sup>th</sup> December 2014.

#### **Financial Position and Lending Covenants**

The Company funds its working capital requirements through Bank of Melbourne. The Board informed Bank of Melbourne of its inventory reduction program which had resulted in a non-compliance of interest cover covenant as at 31<sup>st</sup> December 2014. As a consequence, Bank of Melbourne issued a breach notice noting the interest cover breach as at 31 December and confirming that no action is to be taken at this point in time and in addition that the interest cover test will be waived during the March quarter before being reinstated for the quarter ending 30<sup>th</sup> June 2015.

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**Events Occurring After the Reporting Period**

In accordance with the terms of the annual distribution agreement, Tyco group of companies issued a notice of termination of distribution agreement on 11<sup>th</sup> February 2015 to cease distributing Tyco products effective from 14<sup>th</sup> March 2015. This change has already enabled a further refocusing and streamlining of the products and services offered by Q Security to the market place and has allowed us to strengthen our current relationship with Bosch, BPT, DVTEL, Falco Access Control, FLIR, Risco, SCSI and further focus on our exclusive arrangement with NUUO and our OEM brand of CCTV and security products. The focus on Q Professional Services has also started to generate new sales revenue which adds value to our client base by offering phone and site support for integrators that require this service for larger middle to high end projects.

**Rounding of Amounts**

The consolidated group has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000.

**Auditor's Declaration**

The auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 6 for the half-year ended 31<sup>st</sup> December 2014.

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



Mr Rob Rosa  
Managing Director and Chief Executive  
Dated this 27 February 2015

**RSM Bird Cameron Partners**

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**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 2014, 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.

**RSM BIRD CAMERON PARTNERS****P A RANSOM**

Partner

Melbourne, VIC

27 February 2015

**Q Technology Group Limited and Controlled Entities**  
**ABN 27 009 259 876**  
**Interim Financial Report**

**CONSOLIDATED INCOME STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

		Consolidated Group	
	Note	31-Dec-2014 \$'000	31-Dec-2013 \$'000
Revenue		12,510	13,246
Interest income		2	1
Other Income		76	604
Purchases		(9,639)	(10,983)
Changes in inventory		127	915
Employee benefits expense		(2,461)	(2,226)
Depreciation and amortisation expense		(55)	(57)
Finance costs		(100)	(112)
Other expenses		(1,090)	(1,211)
<b>Profit/(Loss) before income tax</b>		(630)	167
Income tax (expense)/benefit		118	(148)
<b>Net Profit/(Loss) for the period</b>	<b>2</b>	<b>(512)</b>	<b>19</b>
Profit/(Loss) attributable to:			
- Members of the parent entity		(512)	19
- Non-controlling interest			
		<b>(512)</b>	<b>19</b>
<b>Earnings per share</b>			
From continuing operations:			
- Basic earnings per share (cents)		(0.261)	0.010
- Diluted earnings per share (cents)		(0.261)	0.010

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Consolidated Group	
		31-Dec-2014 \$'000	31-Dec-2013 \$'000
Profit/(Loss) for the period		(512)	19
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax			
<b>Total comprehensive income for the period</b>		<b>(512)</b>	<b>19</b>
<b>Total comprehensive income attributable to:</b>			
- Members of the parent entity		(512)	19
- Non-controlling interest			
		<b>(512)</b>	<b>19</b>

The accompanying notes form part of these financial statements.

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Consolidated Group 31 Dec 2014 \$'000	30 Jun 2014 \$'000
<b><u>ASSETS</u></b>			
<b><u>CURRENT ASSETS</u></b>			
Cash and cash equivalents		201	223
Trade and other receivables		4,369	4,452
Inventories		6,660	6,787
Other current assets		244	244
<b>TOTAL CURRENT ASSETS</b>		<b>11,474</b>	<b>11,706</b>
<b><u>NON-CURRENT ASSETS</u></b>			
Property, plant and equipment		392	414
Deferred tax assets		982	864
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,374</b>	<b>1,278</b>
<b>TOTAL ASSETS</b>		<b>12,848</b>	<b>12,984</b>
<b><u>LIABILITIES</u></b>			
<b><u>CURRENT LIABILITIES</u></b>			
Trade and other payables		4,512	4,958
Borrowings		2,405	1,547
Provisions		379	379
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,296</b>	<b>6,884</b>
<b><u>NON-CURRENT LIABILITIES</u></b>			
Borrowings		-	7
Provisions		42	71
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>42</b>	<b>78</b>
<b>TOTAL LIABILITIES</b>		<b>7,338</b>	<b>6,962</b>
<b>NET ASSETS</b>		<b>5,510</b>	<b>6,022</b>
<b><u>EQUITY</u></b>			
Issued capital		72,385	72,385
Reserves		-	-
Accumulated losses		(66,875)	(66,363)
<b>TOTAL EQUITY</b>		<b>5,510</b>	<b>6,022</b>

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Note	Issued Capital Ordinary \$'000	Retained (Losses) \$'000	Options Reserve \$'000	Total \$'000
<b>Balance at 1 July 2013</b>		72,385	(65,616)	52	6,821
Profit for the period			19		19
Total other comprehensive income for the period					
<b>Total Comprehensive Income for the period</b>		72,385	(65,597)	52	6,840
Shares issued / (bought back) during period					
Dividends paid or provided for					
<b>Balance at 31 December 2013</b>		<b>72,385</b>	<b>(65,597)</b>	<b>52</b>	<b>6,840</b>
 <b>Balance at 1 July 2014</b>		 72,385	 (66,363)	 -	 6,022
Profit for the period			(512)		(512)
Total other comprehensive income for the period					
<b>Total Comprehensive Income for the period</b>		<b>72,385</b>	<b>(66,875)</b>	<b>-</b>	<b>5,510</b>
Shares issued / (bought back) during period					
Dividends paid or provided for					
<b>Balance at 31 December 2014</b>		<b>72,385</b>	<b>(66,875)</b>	<b>-</b>	<b>5,510</b>

The accompanying notes form part of these financial statements.

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## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Consolidated Group 31-Dec-2014 \$'000	31-Dec-2013 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		12,739	15,794
Payments to suppliers and employees (inclusive of GST)		(13,448)	(16,046)
Interest received		2	1
Finance costs		(132)	(112)
Income tax paid			
<b>Net cash (used in)/provided by operating activities</b>		<b>(839)</b>	<b>(363)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		1	-
Purchase of property, plant and equipment		(36)	(63)
Proceeds from sale of subsidiary			
<b>Net cash (used in)/provided by investing activities</b>		<b>(35)</b>	<b>(63)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(103)	(54)
Proceeds from borrowings			160
<b>Net cash (used in) financing activities</b>		<b>(103)</b>	<b>106</b>
Net increase/(decrease) in cash and cash equivalents held		(977)	(320)
Cash and cash equivalents at beginning of period		(1,215)	(1,591)
<b>Cash and cash equivalents at end of period</b>		<b>(2,192)</b>	<b>(1,911)</b>
<b>Reconciliation of cash and cash equivalents</b>			
Cash at bank		201	133
Invoice discounting facility	3	(2,393)	(2,044)
		<b>(2,192)</b>	<b>(1,911)</b>

The accompanying notes form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

## **NOTE 1: BASIS OF PREPARATION**

These general purpose interim financial statements for the interim half-year reporting period ended 31 December 2014 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 Ltd and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2014, together with any public announcements made during the following half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

## **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-2014 \$'000	31-Dec-2013 \$'000
Realised gains/(losses) on foreign currency		188	
Unrealised gains/(losses) on foreign currency		(229)	202

## **NOTE 3: BORROWINGS**

### **Bank of Melbourne**

As at 31 December 2014, the Group debt structure consists of:

Invoice Discounting Facility up to \$4.0 million with a prepayment percentage of up to 80% which expires on 30<sup>th</sup> September 2015. Interest is charged at cash flow finance base rate minus 1.15% which at 31 December 2014 was an effective rate of 7.13%. The group at 31 December 2014 owed \$2.39 million on the invoice discounting facility.

Financial covenant requirements under these facilities are to have interest cover (EBIT/Interest) of at least 1.5 times, gearing ratio (Total Liabilities/Net Assets) of no more than 1.5 times and current ratio (current assets/current liabilities) of at least 1.2 times.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

### **NOTE 3: BORROWINGS (Continued)**

The Group had complied with all covenants set up in the agreement except for interest cover due to its inventory reduction program. As a consequence, Bank of Melbourne issued a breach notice noting the interest cover breach as at 31 December 2014 and confirming that no action is to be taken at this point in time and in addition that the interest cover test will be waived during the March quarter before being reinstated for the quarter ending 30 June 2015. The Directors are presently liaising with the Bank of Melbourne in relation to continuing financial covenant requirements.

Total borrowings at 31 December 2014:

<b>Facility</b>	<b>Balance \$'000</b>
Invoice Discounting	2,393
Finance Lease	12
<b>Total</b>	<b><u>2,405</u></b>

### **NOTE 4: OPERATING SEGMENTS**

#### **Segment Information**

##### **Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversifications of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment
- the type or class of customer for the products or service
- the distribution method; and
- the geographic target of the segment operations

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

## **NOTE 4: OPERATING SEGMENTS (Continued)**

### **Types of products and services by segment**

#### **i) *Investment***

Q Technology Group Ltd is a holding company which owns 100% of QRSciences Security Pty Ltd which, in turn, holds the group's CCTV distribution operations.

#### **ii) *Closed Circuit Television (CCTV) Distribution***

The distribution segment imports and distributes CCTV, alarm intrusion and access control equipment primarily via its wholly owned subsidiary QRSciences Security Pty Ltd (QRSS). QRSS comprises two product groups, which are Q Video Systems, and Q Alarm Supplies. These product groups are aggregated as one reportable segment as the products are similar in nature and distributed to similar types of customers and trades as Q Security Systems (QSS).

#### **Basis of accounting for purposes of reporting by operating segments**

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

#### ***Inter-segment transactions***

Q Technology Group Ltd provides staff services to its wholly owned subsidiary QRSciences Security Pty Ltd.

Inter-segment loans payable and receivable exist between the following entities:

- QRSciences Security Pty Ltd to Q Technology Group Ltd

These transactions are entered into on normal commercial terms.

#### ***Segment assets***

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the reporting period, segment assets are clearly identifiable to a specific segment on the basis of their nature and physical location.

#### ***Segment liabilities***

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

#### ***Unallocated items***

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Other financial liabilities; and
- Discontinuing operations.

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**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 4: OPERATING SEGMENTS (Continued)**

**(i) Segment performance**

<b>Six months ended 31-Dec-2014</b>	<b>Investment \$'000</b>	<b>CCTV Distribution \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>			
External sales	-	12,510	12,510
Intersegment sales	-		
Interest revenue	-		
<b>Total segment revenue</b>		<b>12,510</b>	<b>12,510</b>
<i>Reconciliation of segment revenue to group revenue</i>			
Intersegment elimination			-
<b>Total group revenue</b>			<b>12,510</b>
 <b>Segment net profit/(loss) before tax</b>	 <b>(363)</b>	 <b>(267)</b>	 <b>(630)</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>			
Amounts not included in segment result but reviewed by the Board:			
Depreciation and amortisation			
Unallocated items:			
Finance Costs			
<b>Net profit /(loss) before tax from continuing operations</b>			<b>(630)</b>

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**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 4: OPERATING SEGMENTS (Continued)**

<b>Six months ended 31-Dec-2013</b>	<b>Investment \$'000</b>	<b>CCTV Distribution \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>			
External sales	-	13,246	13,246
Intersegment sales	-		
Interest revenue	-		
<b>Total segment revenue</b>		<b>13,246</b>	<b>13,246</b>
<i>Reconciliation of segment revenue to group revenue</i>			
Intersegment elimination			-
<b>Total group revenue</b>			<b>13,246</b>
 <b>Segment net profit/(loss) before tax</b>	 <b>(367)</b>	 <b>534</b>	 <b>167</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>			
Amounts not included in segment result but reviewed by the Board:			
Depreciation and amortisation			
Unallocated items:			
Finance Costs			
<b>Net profit/(loss) before tax from continuing operations</b>			<b>167</b>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

## NOTE 4: OPERATING SEGMENTS (Continued)

### (ii) Segment assets and liabilities

31 December 2014	Investment \$'000	CCTV Distribution \$'000	Total \$'000
<b>Segment assets</b>	<b>6,267</b>	<b>14,731</b>	<b>20,998</b>
Segment asset increases for the period:			
- Capital expenditure	-	36	36
<i>Reconciliation of segment assets to group assets</i>			
Intersegment eliminations			(9,122)
Unallocated assets:			-
Deferred tax assets			982
<b>Total group assets from continuing operations</b>			<b>12,848</b>

31 December 2014	Investment \$'000	CCTV Distribution \$'000	Total \$'000
<b>Segment liabilities</b>	<b>2,959</b>	<b>7,828</b>	<b>10,787</b>
Reconciliation of segment liabilities to group liabilities			
Intersegment eliminations			(3,449)
Unallocated Liabilities:			
- Current tax liabilities			-
<b>Total liabilities from continuing operations</b>			<b>7,338</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 4: OPERATING SEGMENTS (Continued)**

30 June 2014	Investment \$'000	CCTV Distribution \$'000	Total \$'000
<b>Segment assets</b>	5,729	15,134	20,863
Segment asset increases for the period:			
- Capital expenditure	-	92	92
<i>Reconciliation of segment assets to group assets</i>			
Intersegment eliminations			(8,632)
Unallocated assets:			-
Deferred tax assets			864
<b>Total group assets from continuing operations</b>			<b>13,095</b>

30 June 2014	Investment \$'000	CCTV Distribution \$'000	Total \$'000
<b>Segment liabilities</b>	2,068	6,738	8,806
Reconciliation of segment liabilities to group liabilities			
Intersegment eliminations			(1,844)
Unallocated Liabilities:			
- Current tax liabilities			-
<b>Total liabilities from continuing operations</b>			<b>6,962</b>

**iii) Revenue and assets by geographical region**

The company operates in one geographical area, being Australia.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 5: CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the end of the last annual reporting period.

**NOTE 6: EVENTS OCCURRING AFTER THE REPORTING PERIOD**

In accordance with the terms of the annual distribution agreement, Tyco group of companies issued a notice of termination of distribution agreement on 11th February 2015 to cease distributing Tyco products effective from 14<sup>th</sup> March 2015. The company is currently liaising with Tyco to finalise agreement on termination arrangements.

This change has already enabled a further refocusing and streamlining of the products and services offered by Q Security to the market place and has allowed us to strengthen our current relationship with Bosch, BPT, DVTEL, Falco Access Control, FLIR, Risco, SCSi and further focus on our exclusive arrangement with NUUO and our OEM brand of CCTV and security products. The focus on Q Professional Services has also started to generate new sales revenue which adds value to our client base by offering phone and site support for integrators that require this service for larger middle to high end projects.

**Q Technology Group Limited and Controlled Entities**  
**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 7 to 19 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 consolidated entity's financial position as at 31 December 2014 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.



Mr Rob Rosa  
Managing Director  
Date: 27 February 2015

**RSM Bird Cameron Partners**

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**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**TO THE MEMBERS OF**  
**Q TECHNOLOGY GROUP LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Q Technology Group Limited which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*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 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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 review report.

### *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 consolidated entity's financial position as at 31 December 2014 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 BIRD CAMERON PARTNERS**



**P A RANSOM**

Partner

Melbourne, VIC

27 February 2015