

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 2015

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	4,517	10,238
1.2	Payments for		
	(a) staff costs	(1,165)	(2,318)
	(b) advertising & marketing	(42)	(86)
	(c) research & development	-	-
	(d) leased assets	(133)	(294)
	(e) other working capital	(4,156)	(7,843)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	2
1.5	Interest and other costs of finance paid	(80)	(140)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net operating cash flows	(1,059)	(443)

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	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1059)	(443)
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	(29)	(32)
(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	14	10
(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	(16)	(22)
1.14 Total operating and investing cash flows	(1,075)	(464)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	745	745
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	169	(132)
1.18 Repayment of borrowings	(4)	(7)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	910	607
Net increase (decrease) in cash held	(165)	142
1.21 Cash at beginning of quarter/year to date	(2,308)	(2,614)
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	(2,472)	(2,472)

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	108
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	2,565	2,360
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	167	162
4.2	Deposits at call	1	1
4.3	Bank overdraft	(2,360)	(2,277)
4.4	Other (short term loans)	(280)	(194)
Total: cash at end of quarter (item 1.23)		(2,472)	(2,308)

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.

Edmond Tern (Company secretary)
29 January 2016

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.

ASX AND MEDIA RELEASE
29 January 2016

COMMENTARY ON CASHFLOW

Q Technology Group Limited ("QTG") has today released its quarterly cash flow report for the quarter ended 31 December 2015 which shows a \$1.06 million negative operating result. The security peripherals market remained soft during the quarter and as previously announced QTG has invested in inventory during the quarter to support the launch of new products. Accordingly, a Rights Issue was successfully completed in early December to provide the business with capital to fund these requirements.

As announced in November 2015, Q Security Systems ("QSS") was awarded the DAHUA product distributorship and was appointed as the primary distributor of DVTEL products in Australia. The business has worked hard to secure these and other high quality supplier distributorships and is pleased with the level of take up and building sales momentum following the new launches to its customers. While sales during the quarter overall were lower, an upsurge of activity since December has continued into 2016.

Overall, first half revenue for QSS was \$9.9 million which was lower than comparative period but in line with our business plan. QTG is confident that QSS will deliver an improved result in the second half as the increased activity continues and the business benefits from the investment made in inventory and marketing in the first half.

The weaker first half has presented challenges in terms of the interest cover covenant compliance that required proactive management with the company's financier. As a result, QSS is working on the replacement of the existing facilities by 31 March 2016 with a more flexible covenant regime that supports the businesses projected growth potential. We are presently in advanced discussions with alternate finance providers for new facilities which will better support the working capital requirements of the business and will update the market in due course.

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>