

**Appendix 4D**  
**Half yearly report**  
**31 December 2015**

**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	20.7%	to	9,925
Net Profit/(loss) from ordinary activities after tax attributable to members	Down	47.1%	to	(753)
Net Profit/(Loss) for the period attributable to members	Down	47.1%	to	(753)
<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	1.0 ¢	2.7 ¢

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 2015**

**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 Australia 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**  
**ABN 27 009 259 876**  
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**DIRECTORS' REPORT**

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2015.

**Directors**

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

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

**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.

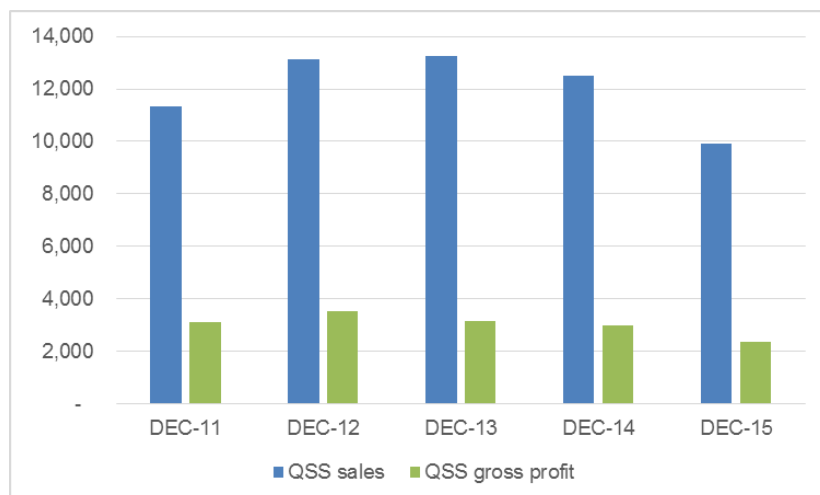
**Review of Operations**

Half-Year	31-Dec-15	31-Dec-14
	<b>\$'000</b>	<b>\$'000</b>
Revenue	9,925	12,510
Gross Profit	2,384	2,998
GP Margin	24.0%	24.0%
<b>EBITDA</b>	<b>(631)</b>	<b>(476)</b>
EBITDA Margin	-6.4%	-3.8%
EBIT	(661)	(531)
EBIT Margin	-6.7%	-4.2%
Finance costs	(93)	(100)
<b>Net Profit / (Loss)</b>	<b>(753)</b>	<b>(512)</b>

Q Technology Group Limited ("the Group") generated revenues of \$9.9 million in the first half of the financial year. The lower first half revenues this year reflected the product restructuring program undertaken as announced in our last communication to the market place. The Group's business plan is forecast to see both volume and margin improvement in second half.

**Q Technology Group Limited and Controlled Entities**  
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As announced in November 2015, QSS was appointed as the primary distributor of DVTEL by FLIR effective 1<sup>st</sup> January 2016 and also launched the DAHUA distributorship effective 1<sup>st</sup> December 2015.

The DVTEL product is one of the most widely used VMS platform in the Australian & NZ market place with over 1000 existing sites. Separate to the DVTEL FLIR decision, QSS also entered into a distribution agreement and new relationship with Dahua which is the second largest Chinese CCTV, intercom, access control, parking guidance system and other related security equipments.

These developments demonstrate the ongoing commitment from management to ensure we continually ensure the optimization of our product range in order to provide opportunities for the QSS business to compete more effectively in both the day to day CCTV and related security market and at the same time increase our focus on and penetration of the major project segment of the security market.

The board is pleased about these new announcements which have been the product of many months of patient and diligent work by the management team to ensure that the QSS business is better positioned to compete strongly in the current market environment.

#### **Corporate update**

In December 2014, the Board and corporate structure was streamlined with a change in Chairmanship and promotion of Chief Operating Officer and Chief Financial Officer to become Managing Director and Finance Director respectively.

The Board immediately conducted a complete review of its Strategy, Products and Services which has resulted in the major restructuring undertaken during the last 12 months. The objective of the review was to build a better business, accessing higher margin products and rebuild revenue volumes to firstly recover lost ground and secondly to provide a platform for growth and return to profitability.

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

**Financial Position and Lending Covenants**

The Company funds its working capital requirements through Bank of Melbourne with a \$3.5 million invoice funding and bank guarantee facility. 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 2015. As a consequence, Bank of Melbourne issued a breach notice noting the interest cover breach as at 31 December 2015 and is working with the Group to finding a solution to overcome the situation.

The Group is pleased to advised that it has accepted an offer from an alternative financier for a \$3.5 million invoice funding facility. The new facility is less restrictive than the existing facility and will better meet the working capital needs of the business as it grows revenues over coming quarters. The group expects the new facilities to be inplace and operational before the end of March 2016.

**Events Occurring After the Reporting Period**

Apart from the changes to banking facilities noted earlier in this report, no matters or circumstances have arisen since the end of the reporting period which significantly affects the operations of the Group, results of these operations, or the state of affairs of the Group in future financial periods.

**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 2015.

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



Mr Rob Rosa  
Managing Director and Chief Executive  
Dated this 26 February 2016

**RSM Australia Partners**

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

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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 2015, 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

**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to read "P A Ransom".**P A RANSOM**

Partner

Melbourne, VIC  
26 February 2016

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

**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 2015**

		Consolidated Group	
	Note	31-Dec-2015 \$'000	31-Dec-2014 \$'000
Revenue		9,925	12,510
Interest income		2	2
Other Income		302	76
Purchases		(6,316)	(9,639)
Changes in inventory		(1,225)	127
Employee benefits expense		(2,330)	(2,461)
Depreciation and amortisation expense		(30)	(55)
Finance costs		(93)	(100)
Other expenses		(986)	(1,090)
<b>Profit/(Loss) before income tax</b>		(753)	(630)
Income tax (expense)/benefit		-	118
<b>Net Profit/(Loss) for the period</b>	<b>2</b>	<b>(753)</b>	<b>(512)</b>
Profit/(Loss) attributable to:			
- Members of the parent entity		(753)	(512)
- Non-controlling interest			
		<b>(753)</b>	<b>(512)</b>
<b>Earnings per share</b>			
From continuing operations:			
- Basic earnings per share (cents)		(0.324)	(0.261)
- Diluted earnings per share (cents)		(0.324)	(0.261)

The accompanying notes form part of these financial statements.



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 December 2015

	Note	Consolidated Group	
		31-Dec-2015 \$'000	31-Dec-2014 \$'000
<b>Profit/(Loss) for the period</b>		<b>(753)</b>	<b>(512)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax			
<b>Total comprehensive income for the period</b>		<b>(753)</b>	<b>(512)</b>
<b>Total comprehensive income attributable to:</b>			
- Members of the parent entity		(753)	(512)
- Non-controlling interest			
		<b>(753)</b>	<b>(512)</b>

The accompanying notes form part of these financial statements.

Q Technology Group Limited and Controlled Entities  
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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 December 2015

	Consolidated Group	
	31 Dec 2015	30 Jun 2015
Note	\$'000	\$'000
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	167	157
Trade and other receivables	3,989	4,184
Inventories	7,287	5,281
Other current assets	352	176
<b>TOTAL CURRENT ASSETS</b>	<b>11,794</b>	<b>9,798</b>
<b><u>NON-CURRENT ASSETS</u></b>		
Property, plant and equipment	348	356
Deferred tax assets	635	635
<b>TOTAL NON-CURRENT ASSETS</b>	<b>983</b>	<b>991</b>
<b>TOTAL ASSETS</b>	<b>12,777</b>	<b>10,789</b>
<b><u>LIABILITIES</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Trade and other payables	5,808	3,683
Borrowings	2,639	2,778
Provisions	483	475
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,931</b>	<b>6,936</b>
<b><u>NON-CURRENT LIABILITIES</u></b>		
Borrowings	-	-
Provisions	97	95
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>97</b>	<b>95</b>
<b>TOTAL LIABILITIES</b>	<b>9,028</b>	<b>7,031</b>
<b>NET ASSETS</b>	<b>3,750</b>	<b>3,758</b>
<b><u>EQUITY</u></b>		
Issued capital	73,130	72,385
Reserves	-	-
Accumulated losses	(69,380)	(68,627)
<b>TOTAL EQUITY</b>	<b>3,750</b>	<b>3,758</b>

The accompanying notes form part of these financial statements.

**Q Technology Group Limited and Controlled Entities**  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 December 2015**

	Note	Issued Capital Ordinary \$'000	Retained (Losses) \$'000	Options Reserve \$'000	Total \$'000
<b>Balance at 1 July 2015</b>		72,385	(68,627)	-	3,758
Profit for the period			(753)		(753)
Total other comprehensive income for the period					
<b>Total Comprehensive Income for the period</b>		72,385	(69,380)	-	3,005
Shares issued / (bought back) during period		745			745
Dividends paid or provided for					
<b>Balance at 31 December 2015</b>		<b>73,130</b>	<b>(69,380)</b>	<b>-</b>	<b>3,750</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 2015

	Note	Consolidated Group 31-Dec-2015 \$'000	31-Dec-2014 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		10,422	12,739
Payments to suppliers and employees (inclusive of GST)		(10,905)	(13,448)
Interest received		2	2
Finance costs		(93)	(132)
Income tax paid			
<b>Net cash (used in)/provided by operating activities</b>		<b>(574)</b>	<b>(839)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		24	1
Purchase of property, plant and equipment		(46)	(36)
<b>Net cash (used in)/provided by investing activities</b>		<b>(22)</b>	<b>(35)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		-	(103)
Shares issue		745	-
Proceeds from borrowings		273	-
<b>Net cash (used in) financing activities</b>		<b>1,018</b>	<b>(103)</b>
Net increase/(decrease) in cash and cash equivalents held		422	(977)
Cash and cash equivalents at beginning of period		(2,614)	(1,215)
<b>Cash and cash equivalents at end of period</b>		<b>(2,192)</b>	<b>(2,192)</b>
<b>Reconciliation of cash and cash equivalents</b>			
Cash at bank		167	201
Invoice discounting facility	3	(2,359)	(2,393)
		<b>(2,192)</b>	<b>(2,192)</b>

The accompanying notes form part of these financial statements.

**Q Technology Group Limited and Controlled Entities**  
**ABN 27 009 259 876**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 December 2015**

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

These general purpose interim financial statements for the interim half-year reporting period ended 31 December 2015 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 2015, 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-2015 \$'000	31-Dec-2014 \$'000
Realised gains/(losses) on foreign currency		7	188
Unrealised gains/(losses) on foreign currency		152	(229)

## **NOTE 3: BORROWINGS**

The Group had complied with all covenants in the Bank of Melbourne finance agreement except for the interest cover covenant. As a consequence, the Bank of Melbourne issued a breach notice.

On 23 February 2016, the Group accepted an offer from an alternative financier for a debtor financing facility of up to \$3.5 million which has lower restrictions than the existing facility and will provide a higher advance rate.

Total borrowings at 31 December 2015:

Facility	Balance \$'000
Invoice Discounting	2,359
Short term loans	280
<b>Total</b>	<b>2,639</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 December 2015**

**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 2015**

## **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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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 December 2015**

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

**(i) Segment performance**

<b>Six months ended 31-Dec-2015</b>	<b>Investment \$'000</b>	<b>CCTV Distribution \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>			
External sales	-	9,925	9,925
Intersegment sales	-		
Interest revenue	-		
<b>Total segment revenue</b>		<b>9,925</b>	<b>9,925</b>
<i>Reconciliation of segment revenue to group revenue</i>			
Intersegment elimination			-
<b>Total group revenue</b>			<b>9,925</b>
 <b>Segment net profit/(loss) before tax</b>	 <b>(181)</b>	 <b>(572)</b>	 <b>(753)</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>(753)</b>



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 4: OPERATING SEGMENTS (Continued)**

Six months ended 31-Dec-2014	Investment \$'000	CCTV Distribution \$'000	Total \$'000
<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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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 December 2015

## NOTE 4: OPERATING SEGMENTS (Continued)

### (ii) Segment assets and liabilities

31 December 2015	Investment \$'000	CCTV Distribution \$'000	Total \$'000
<b>Segment assets</b>	<b>6,276</b>	<b>14,190</b>	<b>20,466</b>
Segment asset increases for the period:			
- Capital expenditure	-	45	45
<i>Reconciliation of segment assets to group assets</i>			
Intersegment eliminations			(8,324)
Unallocated assets:			-
Deferred tax assets			635
<b>Total group assets from continuing operations</b>			<b>12,777</b>

31 December 2015	Investment \$'000	CCTV Distribution \$'000	Total \$'000
<b>Segment liabilities</b>	<b>2,657</b>	<b>9,023</b>	<b>11,680</b>
Reconciliation of segment liabilities to group liabilities			
Intersegment eliminations			(2,651)
Unallocated Liabilities:			
- Current tax liabilities			-
<b>Total liabilities from continuing operations</b>			<b>9,028</b>

**Q Technology Group Limited and Controlled Entities**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 December 2015**

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

30 June 2015	Investment \$'000	CCTV Distribution \$'000	Total \$'000
<b>Segment assets</b>	5,712	13,823	19,535
Segment asset increases for the period:			
- Capital expenditure	-	59	59
<i>Reconciliation of segment assets to group assets</i>			
Intersegment eliminations			(9,381)
Unallocated assets:			-
Deferred tax assets			635
<b>Total group assets from continuing operations</b>			<b>10,789</b>

30 June 2015	Investment \$'000	CCTV Distribution \$'000	Total \$'000
<b>Segment liabilities</b>	2,656	8,081	10,737
Reconciliation of segment liabilities to group liabilities			
Intersegment eliminations			(3,706)
Unallocated Liabilities:			
- Current tax liabilities			-
<b>Total liabilities from continuing operations</b>			<b>7,031</b>

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

The company operates in one geographical area, being Australia.

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**Q Technology Group Limited and Controlled Entities**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 December 2015**

**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**

Other than the matter referred to in Note 3 there are no matters or circumstances have arisen since the end of the reporting period which significantly affects the operations of the Group, results of these operations, or the state of affairs of the Group in future financial periods.

**Q Technology Group Limited and Controlled Entities**  
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**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 2015 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: 26 February 2015

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**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 consolidated statement of financial position as at 31 December 2015, 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 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 consolidated entity's financial position as at 31 December 2015 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.

### *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 2015 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*.

A handwritten signature in blue ink that reads 'RSM'.

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink that reads 'P A Ransom'.

**P A RANSOM**

Partner

Melbourne, VIC  
26 February 2016