

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 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from customers	6,350	22,150
1.2	Payments for (a) staff costs	(1,180)	(4,650)
	(b) advertising & marketing	(47)	(168)
	(c) research & development	-	-
	(d) leased assets	(248)	(700)
	(e) other working capital	(4926)	(18,313)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	3
1.5	Interest and other costs of finance paid	(102)	(344)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net operating cash flows	(153)	(2,022)

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

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(153)	(2,022)
Cash flows related to investing activities		
Payment for acquisition of:		
1.9 (a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	17	(26)
(e) other non-current assets		
Proceeds from disposal of:		
1.10 (a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	15	25
(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	33	(1)
1.14 Total operating and investing cash flows	(120)	(2,023)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	745
1.16 Proceeds from sale of forfeited shares	-	
1.17 Proceeds from borrowings	35	678
1.18 Repayment of borrowings	-	(7)
1.19 Dividends paid		
1.20 Other (provide details if material)	-	(8)
Net financing cash flows	35	1,408
Net increase (decrease) in cash held	(86)	(614)
1.21 Cash at beginning of quarter/year to date	(3,143)	(2,614)
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	(3,228)	(3,228)

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	121
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	3,262	3,179
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	221	272
4.2 Deposits at call	-	1
4.3 Bank overdraft	(3,179)	(3,135)
4.4 Other (short term loans)	(270)	(280)
Total: cash at end of quarter (item 1.23)	(3,228)	(3,143)

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.

Andrew Phillips (Company secretary)
14 July 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 July 2016

COMMENTARY ON CASHFLOW

Q Technology Group Limited ("QTG") has today released its quarterly cash flow report for the quarter ended 30 June 2016 showing a small negative cash movement of \$86k.

The Board is pleased to announce that 2H sales totalling \$11.96m represented a:

- 20.5% increase on first half sales. This result was underpinned by new suppliers introduced in the second half together with continued sales improvement from existing suppliers; and
- 6.1% above the corresponding period last year, a good result.

In addition, the new funding arrangements introduced in Q3 are assisting our business and remove the necessity for interest cover ratio, gearing and other banking covenant reporting.

As noted above and in line with the turnaround plan implemented by the board and management, we have taken the business from a low point 12 months ago and introduced new higher margin suppliers and products into QTG. Notwithstanding these successes there has been some delays in the ramp up sales volumes for some products and required initial order quantities from some new suppliers which has placed additional pressure on working capital as inventory has been brought into the business ahead of increased sales.

The board and management continue to review the working capital requirements of the business to ensure that the business remains adequately capitalised for its projected growth. To the extent necessary, options are presently being considered for ensuring adequate working capital is available to support the business to implement the remainder of the turnaround plan. We remain focused on building on the 2H 2016 performance trends and delivering the rest of the turnaround plan for QTG during 2017 year.

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 \$22 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>