Appendix 4D

Half yearly report
31 December 2012

Q Technology Group Limited
ABN 27 009 259 876

Results for announcement to the market
Extracts from this report for announcement to the market. *$A'000*

Revenues from ordinary activities	Down	(10.0%)	to	11,714
Net Profit/(loss) from ordinary activities after tax attributable to members	Up	143.8%	to	68
Net Profit/(Loss) for the period attributable to members	Up	143.8%	to	68

Dividends	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¢	2.4¢

As set out in Note 2 and Note 6, the Group disposed of its 100% interest in API Securities & Solutions Pty Ltd. On 2 October 2012, API Securities and Solutions Pty Ltd contributed $115K in operating losses for the half year ended 31 December 2012 and $645K in operating profit for the half year ended 31 December 2011.

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 2012
ABN 27 009 259 876

TECHNOLOGY GROUP LIMITED

and Controlled Entities

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 Bruce Higgins (Chairman, Non-Executive)
Mr Rick Stokes (Managing Director)
Mr Douglas Potter (Non-Executive)

AUDITORS
Moore Stephens
Chartered Accountants
Level 10, 530 Collins Street
Melbourne Victoria 3000
Telephone: +61 3 8635 1800
Facsimile: +61 3 8102 3400

CHIEF FINANCIAL OFFICER
& COMPANY SECRETARY
Mr Edmond Tern

BANKERS
National Australia Bank Limited
49 Malop Street
Geelong Victoria 3220 and;

GE Capital
572 Swan Street
Richmond Victoria 3121

REGISTERED OFFICE
5/435 Williamstown Road
Port Melbourne Victoria 3207
Telephone: +61 3 9646 9016
Fax: +61 3 9646 2049

SOLICITORS
Minter Ellison
Rialto Towers, 525Collins 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
www.qvideosystems.com.au

ASX CODE
QTG - Ordinary Shares

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2012.

Directors

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

Bruce Higgins, Chairman
Rick Stokes
Douglas Potter
Michael O'Leary (retired on 27-Nov-2012)

REVIEW OF OPERATIONS

Q Technology Group has undergone significant changes to the company structure in the first half of the financial year with the sale of API Services and Solutions to GWA Group Limited. In July, the Company announced the termination of a Scheme Implementation Agreement for the sale of the Group and following that termination the directors determined that best interests of shareholders and the Company was to divest API Services and Solutions Pty Ltd. This sale was completed on 2nd of October for a net sale price of $12M. A major benefit of this transaction was to unwind the significant debt position of the Company which was at high interest rates. Repayment of these facilities required payment of interest and principle to the full term of the loan.
The key achievements in the first half were;

- Group debt reduced from $12.7M to $1.2M.
- Sale of API Services and Solutions completed on 2nd October 2012.
- Repayment of all secondary debt instruments out of sale receipts.
- Restructure primary debt with GE Capital in line with the size and scope of the newly structured Group.
- Restructure of QTG Head Office and QTG Board in line with size and complexity of the newly structured Group.
- Cost cutting initiatives across all facets of remaining business, Q Video Systems, now achieved.

The detailed results for the period ending 31 December 2012 are shown in the following table. The Directors would like to draw attention to the non-recurring items detailed in the below table as numerous one off costs impacted the results for the period.

DIRECTORS' REPORT

Review of Operations (Continued)

Half-Year **$'000**	**31-Dec-12**			**31-Dec-11**		
	Actual	Adjust	Normalized	Actual	Adjust	Normalized
Revenue	11,714		11,714	12,998		12,998
Gross Profit	3,016		3,015	3,545		3,545
GP Margin	*25.7%*		*25.7%*	*27.3%*		*27.3%*
EBITDA	**1,642**	**(2,017)**	**(375)**	**(136)**		**(136)**
EBITDA Margin	*14.0%*		*-3.2%*	*-1.0%*		*-1.0%*
EBIT	1,544	(2,017)	(473)	(278)		(278)
EBIT Margin	*13.2%*		*-4.0%*	-2.1%		-2.1%
Finance costs	(1,360)	942	(418)	(803)		(803)
Net Profit / (Loss) before tax continuing operations	**184**	**(1,075)**	**(891)**	**(1,081)**		**(1,081)**
Net Profit / (Loss) before tax discontinued operations	**(115)**		**(115)**	**921**		**921**
Net Profit / (Loss) before tax	**69**		**(1,006)**	**(160)**		**(160)**
<u>Non recurring items</u>						
Gains on disposal of business		(2,230)				
Legal expenses		213				
		(2,017)				
Finance break fee		942				
		(1,075)				

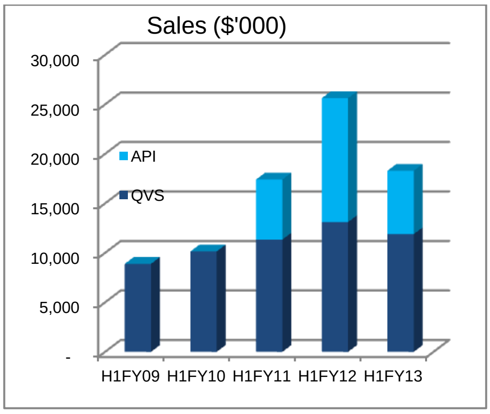
The December 2012 half year included three months of API trading result with a six-month API comparative for the same period last year. API is shown as discontinued operation for ease of comparability consolidated group comparatives are excluding API half year.

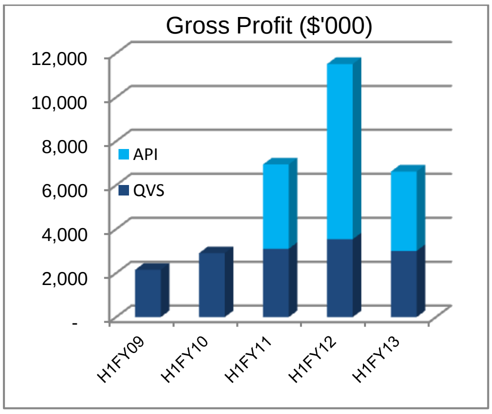
The Group reported a $68k net profit for the half year which was an improvement from the same corresponding period last year. Earnings before Interest, Tax and Depreciation (EBITDA) were $1.6M which included one-off profit from divestment of the discontinued operation. Higher finance costs were due to early settlement and penalty break costs of the finance facilities the Group operated under prior to the sale of API. The Group's debt profile has reduced significantly from $12.7M at 30 June 2012 to $1.2M at 31 December 2012 as a direct result of settlement of the Helmsman Capital Fund Trust IIB facility. The proceeds of API sale was used for repayment of debt are set out in Note 2 of the accounts.

DIRECTORS' REPORT

Review of Operations (Continued)

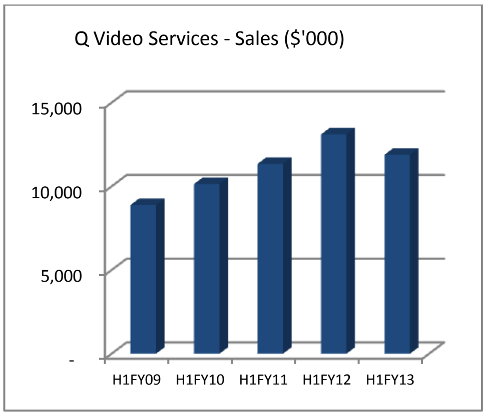
The tables below provide an insight to the revenues and gross profit for the Group.

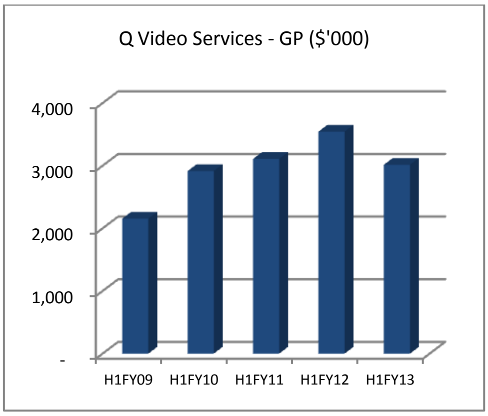




QRSciences Security Pty Ltd, which comprises Q Video Systems and Q Alarm Supplies, reported sales of $11.9M, down from the corresponding period last year as a result of a slow start in the first quarter industry wide. API business consists of three months of sales under the Group ownership.

Update on QRSciences Security Pty Ltd





QRSciences Security Pty Ltd, which comprises Q Video Systems and Q Alarm Supplies, with offices located in Melbourne, Sydney, Brisbane, Adelaide and Perth, delivered EBITDA of $542K which was significantly reduced by provisions for obsolete stock of an additional $310K. Although this result was below the corresponding period last year of EBITDA of $1.2M the Directors highlight that the trading conditions in the construction industry and government spending which the business operates were depressed. This along with the continued strength of the Australian Dollar and the conservative approach taken by management in provisioning for stock obsolescence has a negative impact on the result in this period.

DIRECTORS' REPORT

Review of Operations (Continued)

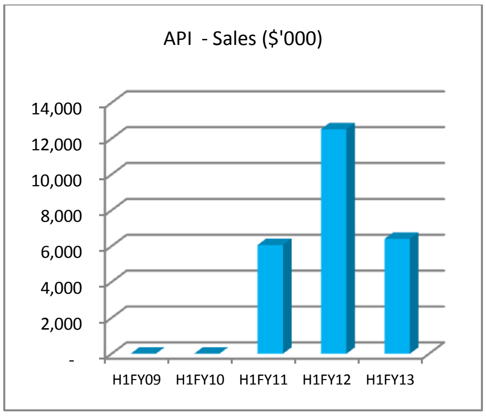
QVS Overview:

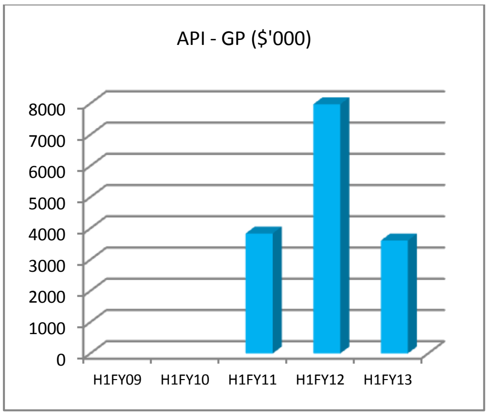
(Half-Year)$'000	**31-Dec-12**			**31-Dec-11**		
	Actual	Adjust	Normalized	Actual	Adjust	Normalized
Revenue	11,894	-	11,894	13,109	-	13,109
Gross Profit	3,015	-	3,015	3,545	-	3,545
GP Margin	*25.4%*		*25.4%*	*27.0%*		*27.0%*
EBITDA	**542**	**310**	**852**	**1,095**	**-**	**1,095**
EBITDA Margin	*4.6%*		*7.2%*	*8.4%*		*8.4%*
EBIT	475	310	785	972	-	972
EBIT Margin	*4.0%*		*6.6%*	*7.4%*		*7.4%*
Finance costs	(140)	-	(140)	(273)	-	(273)
NPBT	**335**	**310**	**645**	**698**	**-**	**698**
Non recurring items						
QVS Inventory impairment		310				

QVS overview:

- Revenue down9.3% to $11.9M compared to the previous corresponding period as the industry recovered from a slow start during July to September period as construction industry and government spending tightened.
- Profit before tax for the period was $335k inclusive of additional $310k conservative inventory impairment.
- The Q Alarm Supplies sales growth has continued to grow. There has also been increased diversification of the revenue base of the business.

Update on API Services and Solutions





API was acquired on 30 September 2010 and disposed of on 2 October 2012.

DIRECTORS' REPORT

Corporate update

Following the sale of API, corporate costs have been reduced by approximately 65% to reflect the requirements of a smaller group and the needs of the remaining QVS operating business. Head Office expenses are expected to be $90K a month to support the operations.

Financial Position and Lending Covenants

As a result of API's divestment, the Company has renegotiated its loan facility with GE Capital and has operated under the Deed of Variation with a total revolving facility limit of $3.4M. The Board is pleased to report full compliance to lending covenants under the Deed and is expected to maintain full compliance based on current forecasts.

Events Occurring After the Reporting Period

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 except as noted below:

- Post completion matters pursuant to the API Sale Agreement continue to be worked through with a provision raised to cover any liabilities which could arise.

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 page8 for the half-year ended 31December 2012.

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

Mr Rick Stokes
Managing Director and Chief Executive
Dated this 28 February 2013

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Q Technology Group Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2012 there has been:

(i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and

(ii) No contraventions of any applicable code of professional conduct in relation to the review.

MOORE STEPHENS
Chartered Accountants

Rami Eltchelebi
Partner

Melbourne, 28 February 2013

CONSOLIDATED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Note	Consolidated Group 31.12.2012 $'000	Consolidated Group 31.12.2011 $'000
Revenue		11,714	12,998
Interest income		1	10
Gain on disposal of discontinued operations		2,230	-
Other Income		577	359
Purchases		(11,303)	(8,638)
Changes in inventory		2,605	(815)
Employee benefits expense		(2,380)	(2,732)
Depreciation and amortisation expense		(67)	(142)
Finance costs		(1,446)	(896)
Other expenses		(1,747)	(1,226)
Profit/(Loss) before income tax		184	(1,081)
Income tax (expense)/benefit		(1)	280
Profit/(Loss) from continuing operations	**2**	**183**	**(801)**
Profit/(Loss) from discontinued operations	**6**	(115)	645
Net Profit/(Loss) for the period		68	(156)
Profit/(Loss) attributable to:			
- Members of the parent entity		68	(156)
- Non-controlling interest		-	-
		68	(156)
Earnings per share			
From continuing and discontinued operations:			
- Basic earnings per share (cents)		0.035	(0.099)
- Diluted earnings per share (cents)		0.035	(0.099)
From continuing operations:			
- Basic earnings per share (cents)		0.093	(0.507)
- Diluted earnings per share (cents)		0.093	(0.507)
From discontinued operations:			
- Basic earnings per share (cents)		(0.058)	0.408
- Diluted earnings per share (cents)		(0.058)	0.408

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Note	Consolidated Group	
		31.12.2012 $'000	31.12.2011 $'000
Profit/(Loss) for the period		68	(156)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		68	(156)
Total comprehensive income attributable to:			
- Members of the parent entity		68	(156)
- Non-controlling interest		-	-
		68	(156)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	Consolidated Group 31.12.2012 $'000	Consolidated Group 30.06.2012 $'000
CURRENT ASSETS			
Cash and cash equivalents		182	1,009
Trade and other receivables		4,716	8,642
Inventories		6,657	9,495
Other assets		386	590
TOTAL CURRENT ASSETS		11,941	19,736
NON-CURRENT ASSETS			
Property, plant and equipment		513	2,827
Intangibles		-	4,029
Deferred tax assets		1,043	1,600
Other assets		-	70
TOTAL NON-CURRENT ASSETS		1,556	8,526
TOTAL ASSETS		13,497	28,262
CURRENT LIABILITIES			
Trade and other payables		4,992	7,965
Borrowings	**4**	1,121	7,706
Current tax liabilities		-	-
Provisions		474	655
TOTAL CURRENT LIABILITIES		6,587	16,326
NON-CURRENT LIABILITIES			
Borrowings		50	5,002
Provisions		15	125
Deferred tax liabilities		112	124
TOTAL NON-CURRENT LIABILITIES		177	5,251
TOTAL LIABILITIES		6,764	21,577
NET ASSETS		6,733	6,685
EQUITY			
Issued capital		72,385	72,406
Reserves		52	52
Retained earnings		(65,704)	(65,773)
TOTAL EQUITY		6,733	6,685

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Note	Issued Capital Ordinary $'000	Retained (Losses) $'000	Options Reserve $'000	Total $'000
Balance at 1 July 2011		72,406	(63,605)	52	8,853
Loss for the period		-	(156)	-	(156)
Total other comprehensive income for the period		-	-	-	-
Total Comprehensive Income for the period		72,406	(63,761)	52	8,697
Shares issued / (bought back) during period		-	-	-	-
Dividends paid or provided for		-	-	-	-
Balance at 31 December 2011		72,406	(63,761)	52	8,697
Balance at 1 July 2012		72,406	(65,772)	52	6,686
Profit for the period		-	68	-	68
Total other comprehensive income for the period		-	-	-	-
Total Comprehensive Income for the period		72,406	(65,704)	52	6,754
Shares issued / (bought back) during period		(21)	-	-	(21)
Dividends paid or provided for		-	-	-	-
Balance at 31 December 2012		72,385	(65,704)	52	6,733

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Note	Consolidated Group 31.12.2012 $'000	Consolidated Group 31.12.2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		20,712	27,004
Payments to suppliers and employees		(21,500)	(27,060)
Interest received		1	10
Finance costs		(3,237)	(461)
Income tax paid		-	(60)
Net cash (used in)/provided by operating activities		(4,024)	(567)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		37	8
Purchase of property, plant and equipment		(187)	(494)
Proceeds from sale of subsidiary		13,100	-
Net cash (used in)/provided by investing activities		12,950	(486)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(5,730)	(903)
Proceeds from borrowings		255	746
Net cash (used in) financing activities		(5,475)	(157)
Net increase/(decrease) in cash and cash equivalents held		3,451	(1,210)
Cash and cash equivalents at beginning of period		(4,273)	(2,238)
Cash and cash equivalents at end of period		(822)	(3,448)
Reconciliation of cash and cash equivalents			
Cash at bank		182	1,255
Bank overdraft	4	(1,004)	(4,703)
		(822)	(3,448)

The accompanying notes form part of these financial statements.

NOTE 1: BASIS OF PREPARATION

These general purpose interim financial statements for the interim half-year reporting period ended 31 December 2012 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 2012, 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.

Comparatives

During the interim period, the Group sold API Services and Solutions Pty Ltd. Accordingly, the gain on sale and contribution of API Services and Solutions to the Group's half year results have been separately disclosed in the consolidated income statement, along with comparatives being restated. Further details of the discontinued operations are provided in Note 6.

New Accounting Standards for Application in Future Periods

For the half-year reporting period to 31 December 2012, a number of new and revised Accounting Standard requirements became mandatory for the first time, none of which have a significant impact on the Group's financial statements. A list of the Amending Standards that contain the new and revised requirements is provided below.

Amending Standard	Effective for annual reporting periods beginning on or after
AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets	1 January 2012
AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income	1 July 2012

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	Consolidated Group 31.12.2012 $'000	Consolidated Group 31.12.2011 $'000
Net gain on the disposal of discontinued operations	2.1	2,230	(21)
Realised gains/(losses) on foreign currency		371	254
Unrealised gains/(losses) on foreign currency		-	(122)

Note 2.1: Gain on disposal of discontinued operation

	Consolidated Group 31.12.2012 $'000
Proceeds from disposal	13,100
Investment cost	12,550
Goodwill impairment	(3,990)
Adjustments against purchase price	1,339
Groups share of post-acquisition profits	971
Adjusted Cost	10,870
Gain on disposal of discontinued operations	2,230

The proceeds from the disposal of API Services and Solutions Pty Ltd paid down debt within the group.

	($'000)
Sale proceeds	13,100
Allocation	
Payout of Helmsman facilities	7,199
Payout of Finance facilities	1,096
Payment to GE Capital	3,300
Payment to Group debtor finance facility	1,505
	13,100

API Services and Solutions Pty Ltd finance leases with National Australia Bank Ltd and Australia and New Zealand Bank Ltd were fully paid out.

The $7.19M paid to Helmsman Capital Trust Fund Trust IIB fully extinguished both loan notes with Q Technology Group Ltd.

GE Capital were paid $3.30M in line with the Deed of Variation.

NOTE 3: GOING CONCERN

The Group's financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group reported an operating profit after tax of $.068M for the period and at 31 December 2012 had positive net assets of $6.7M.

The Group has prepared forecasts for the period up to 30 June 2014 and is confident that in the event that sales and profit are achieved the Group will remain in compliance with all financial covenants and will generate sufficient cash flow to meet all financial obligations in the coming year including the repayment or refinance debt that matures during the year.

The directors are of the opinion that there are reasonable grounds to believe the Group will be able to pay its debts as and when they become due and payable.

As discussed in Note 4, the current funding facility with GE Capital expires on 30 September 2013. The Group is reliant on the facility for its working capital requirements. If the facility is not renewed, the Company will be reliant on alternative debt facilities or raising equity and should those facilities not be available there would be a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realize its assets and discharge its liabilities in the normal course of business. The directors are of the opinion that there is no reason to suggest that the facility cannot be renewed or replaced.

NOTE 4: BORROWINGS

GE Facility

As at 31 December 2012, the Group debt structure consists of:

Debtor Finance Facility up to $3.4M with a prepayment percentage of up to 85% which expires on 30 September 2013.

Interest is charged at a rate of 4.5% plus the 90 day Bank bill swap rate which at 31 December 2012 was an effective rate of 7.7% along with an unused line fee on the debtor finance facility of 0.75%.The group at 31 December 2012 owed $1.0M on the debtor finance facility.

Financial covenant requirements under these facilities are to have a net tangible worth of the reporting group of at least $4m, capital expenditure of less than $1M per annum, a fixed coverage charge ratio within the pre-determined rates set out in the Deed of Variation, aggregate lease and rental payments of less than $2M per annum and to not have entered into new licence or operating leases exceeding $0.5M in any 12 month period.

As the Group had paid off the original loan and entered into Deed of Variation with GE Capital, fixed coverage charge ratio was reset from October 2012 to take into account seasonality. From October 2012 to 31 May 2013, fixed coverage charge ratio ranges from 0.0 to 1.1. The ratio will be fixed at 1.35 from June 2013 onwards.

The directors recognize that current funding facility with GE Capital expires on 30 September 2013 and note that the Group is reliant on this facility for its working capital requirements.

NOTE 4: Borrowings (Continued)

Total borrowings at 31 December 2012:

Facility	Balance $'000
Debtor finance	1,004
Finance Lease	117
Total	**1,121**

NOTE 5: 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

Types of products and services by segment

i) *Investment*

Q Technology Group Ltd is an investment company that continues to explore and evaluate investment opportunities.

ii) Closed Circuit Television (CCTV) Distribution

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

NOTE 5: OPERATING SEGMENTS (Continued)

iii) Services and Solutions

The services and solutions segment is made up of the supply of safes, locks and alarms, and delivers a range of products and services through its wholly owned subsidiary API Services and Solutions Pty Ltd (API) (disposed of on 2 October 2012). These business units are aggregated as one reportable segment as the products are similar in nature and distributed to similar types of customers.

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
- Discontinuing operations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 5: OPERATING SEGMENTS (Continued)

(i) Segment performance

	Note	Investment	CCTV Distribution	Services and Solutions	Total
Six months ended 31.12.2012		**$'000**	**$'000**	**$'000**	**$'000**
Revenue					
External sales		-	11,714	6,406	18,120
Inter-segment sales		-	181	-	181
Interest revenue		1	-	-	1
Total segment revenue		1	11,895	6,406	18,302
Reconciliation of segment revenue to group revenue					
Inter-segment elimination					(181)
(Revenue) from discontinued operations					(6,406)
Total revenue from continuing operations					**11,715**
Segment net profit from continuing operations before tax:		**(152)**	**402**	**53**	**303**
Amounts not included in segment result but reviewed by the Board:					
Depreciation and amortisation			(66)	(168)	(234)
Net loss / (profit) from discontinued operations					115
Net profit before tax from continuing operations					**184**

NOTE 5: OPERATING SEGMENTS (Continued)

	Note	Investment	CCTV Distribution	Services and Solutions	Total
		$'000	$'000	$'000	$'000
Six months ended 31.12.2011					
Revenue					
External sales		-	12,998	12,522	25,520
Inter-segment sales		-	111	-	111
Interest revenue		10	-	-	10
Total segment revenue		**10**	**13,109**	**12,522**	**25,641**
Reconciliation of segment revenue to group revenue					
Inter-segment elimination					(111)
(Revenue) from discontinued operations					(12,522)
Total revenue from continuing operations					**13,008**
Segment net profit from continuing operatior before tax:		**(1,761)**	**822**	**1,268**	**329**
Amounts not included in segment result but reviewed by the Board:					
Depreciation and amortisation		(18)	(124)	(347)	(489)
Net loss / (profit) from discontinued operations					(921)
Net profit/(loss) before tax from continuing operations					**(1,081)**

NOTE 5: OPERATING SEGMENTS (Continued)

(ii) Segment assets

As at 31.12.2012	**Note**	**Investment**	**CCTV Distribution**	**Services and Solutions**	**Total**
		$'000	**$'000**	**$'000**	**$'000**
Segment assets		6,176	13,140	-	19,316
Segment asset increases for the period:					
- Capital expenditure		-	84	-	84
- Disposal		-	(28)	-	(28)
		-	56	-	56

Reconciliation of segment assets to group assets

Inter-segment eliminations	(6,862)
Unallocated assets	
• Deferred tax assets	1,043
Total group assets from continuing operations	13,497

As at 30.6.2012					
Segment assets		18,822	16,582	14,977	50,381
Segment asset increases for the period:					
- Capital expenditure		-	177	677	854
		-	177	677	854

Reconciliation of segment assets to group assets

Inter-segment eliminations	(23,719)
Unallocated assets:	
- Deferred tax assets	1,600
Total group assets	28,262

iii) Revenue and assets by geographical region

The company operates in one geographical area, being Australia.

NOTE 6: DISCOUNTINED OPERATIONS

API Services and Solutions Pty Ltd

In March 2012, the Group announced to the market its intention to unlocked shareholder value including divestment of API Services and Solutions Pty Ltd. API Services and Solutions Pty Ltd was sold on 2 October 2012, thereby discontinuing its operations within the Group.

The financial performance of the discontinued operation to the date of sale, which is included in profit/(loss) from discontinued operations per the statement of comprehensive income is as follows:

	31.12.2012 $'000	31.12.2011 $'000
Revenue	6,406	12,523
Expenses	(6,521)	(11,602)
Profit/(Loss) before income tax	(115)	921
Income tax (expense)/benefit	-	(276)
Profit/(Loss) attributable to the discontinued operations	**(115)**	**645**

NOTE 7: CONTINGENT LIABILITIES

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

NOTE 8: EVENTS OCCURRING AFTER THE REPORTING PERIOD

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 except as noted below:

- Post completion matters pursuant to the API Sale Agreement continue to be worked through with a provision raised to cover any liabilities which could arise.

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 9 to 23 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 2012 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 Rick Stokes
Managing Director
Date: 28 February 2013

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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 and controlled entities ("the consolidated entity"), which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Q Technology Group Limited ("the company") are responsible for the preparation of the half-year financial report that gives a true and fair view of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 Australian Auditing Standards 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, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the *Corporations Act 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 account matters, and applying analytical and 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*.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Q Technology Group Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter

Without qualification to the opinion expressed above, we draw your attention to Note 3 in the half year financial report which indicates that the current funding facility with GE Capital expires on 30 September 2013 and is yet to be renewed. The Group is reliant on the facility for its working capital requirements. This matter indicates the existence of a material uncertainty which may cast significant doubt about the consolidated Group's ability to continue as a going concern and therefore the consolidated Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's review report relates to the financial report of Q Technology Group Limited and controlled entities for the period ended 31 December 2012 included on Q Technology Group Limited's website. The company's directors are responsible for the integrity of Q Technology Group Limited's website. We have not been engaged to report on the integrity of the Q Technology Group Limited's website. The auditor's review report refers only to the subject matter described above. It does not conclude on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the financial report to confirm the information contained in this website version of the financial report.

Moore Stephens

MOORE STEPHENS
Chartered Accountants

Rami Eltchelebi
Partner

Melbourne, 28 February 2013