

# Q Technology Group Limited

(ABN 27 009 259 876)



## 2021 FINANCIAL REPORT

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This Annual Financial Report covers Q Technology Group Limited. The Company's functional presentation currency is Australian Dollars.

## **CORPORATE DIRECTORY**

### **DIRECTORS**

Mr Peter Chai (Chairman, Non-Executive)  
Ms Susan Lay (Non-Executive)  
Mr Sesidhar Kolikonda (Non-Executive)

### **AUDITORS**

RSM Australia Partners  
Level 21, 55 Collins Street  
Melbourne VIC 3000  
Telephone: +61 3 9286 8000

### **COMPANY SECRETARY**

Mr Andrew Phillips

### **REGISTERED OFFICE**

5/23-25 Hunter Street  
Sydney, NSW 2000  
Telephone +61 3 9676 7054  
Email: [enquiries@qtechnologygroup.com.au](mailto:enquiries@qtechnologygroup.com.au)

### **SOLICITORS**

CBW Partners  
1/159 Dorcas Street  
South Melbourne VIC 3205  
Telephone: +61 3 8646 3833

### **SHARE REGISTRY**

Computershare Investor Services Pty Ltd  
Yarra Falls, 452 Johnston Street  
Abbotsford VIC 3067

### **STOCK EXCHANGE**

Australian Stock Exchange  
Level 45  
South Tower, Rialto  
525 Collins Street  
Melbourne VIC 3000

### **WEBSITE**

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

### **ASX CODE**

QTG - Ordinary Shares

# Q TECHNOLOGY GROUP LIMITED

## CHAIRMAN'S REPORT

Dear Shareholders,

On behalf of the Directors I enclose the company's results for the year ended 30 June 2021 within this annual report.

As advised to the market on 22 July 2021, the company raised \$550,000 by way of convertible loan notes (subject to shareholder approval) to various individual sophisticated and professional investors to recapitalise the Company. On 19 July 2021 the Company formally exchanged Convertible Loan Note Agreements that provided, among other things, for the issue of a total of 550,000 convertible notes each with a face value of \$1.00 to the investors (subject to shareholder approval).

The principal investor was Investment Advisers Alliance Pty Limited ("IAA") and its associated entities. Under the terms of the CN Agreement, Stratagem Tools Pty Limited, McSchillers SMSF Pty Ltd and Madilia Pty Ltd ("Noteholders") will be issued with a total of 550,000 Convertible Notes. Each Convertible Note has a face value of \$1.00 and, if converted, each Convertible Note will result in the issue of 500 Shares at a conversion price of \$0.002 per Share. The terms of the Convertible Notes were subject to a condition that the Convertible Notes would not be convertible until such time as shareholder approval is received. For this reason, the Convertible Notes are classified as debt until such time that their conversion is approved under the ASX Listing Rules, and then following such shareholder approval, they will be classified as securities. In the event that Shareholder approval is obtained and all Convertible Notes are exercised, the Company will issue a maximum total of 275,000,000 Shares to the Noteholders.

The monies received have been used to pay out all overdue creditors and loans of the Company and fully extinguish those liabilities. The remaining funds will be used for ongoing compliance and working capital costs.

As further disclosed in Note 18 Deed of Cross Guarantee, the Directors have entered into a Conditional Deed of Release with the Administrators of QRSciences Security Pty Ltd to pay the Administrators \$81,000 in full and final settlement of the Deed of Cross Guarantee. This amount was paid in July 2021.

The company reached settlement with all creditors of Q Technology Group Limited in July 2021 and entered into creditor Deeds of Release in July 2021 to pay out all overdue creditors of the Company including loans to Helmsman Funds Management Ltd in its capacity as trustee of Helmsman Capital Fund Trusts IIA and IIB in full and final settlement of the outstanding creditors and loans amounts owed. Amounts paid in July 2021 in accordance with the terms of the executed Deeds of Release extinguished all liabilities in relation to those debts. The creditor and loan settlements paid in accordance with executed Deeds of Release were at amounts less than recorded in the liabilities of Q Technology Group at 30 June 2021 and will result in a gain of approximately \$1,100,000 for the year ended 30 June 2022.

On 21 July 2021 the existing directors of QTG resigned and the board was pleased to announce the appointments of Peter Chai, Susan Lay and Sesidhar Kolikonda to the board of Q Technology Group.

The new board members are in the process of identifying new opportunities for the Company and will provide a market update in accordance with ASX Listing Rules when completed.

Compliance with corporate governance practices at Q Technology Group Limited is included within this annual report.



Peter Chai  
Chairman  
Q Technology Group Limited  
31 August 2021

# **Q TECHNOLOGY GROUP LIMITED**

## **DIRECTORS REPORT**

Your Directors present their report, together with the financial information as at and for the financial year ended 30 June 2021.

### **Directors**

The following persons were directors of Q Technology Group Limited during the financial year and up to the date of this report:

Mr Peter Chai, Chairman and Non Executive Director (Appointed 21 July 2021)  
Mr Susan Lay, Non Executive Director (Appointed 21 July 2021)  
Mr Sesidhar Koikonda, Non Executive Director (Appointed 21 July 2021)  
Mr Douglas Potter, Chairman and Non Executive Director (Resigned 21 July 2021)  
Mr Rob Rosa, Non Executive Director (Resigned 21 July 2021)  
Mr Edmond Tern, Non Executive Director (Resigned 21 July 2021)  
Mr Howard Whitesmith, Managing Director (Resigned 21 July 2021)

Particulars of each Director's experience and qualifications are set out later in this report.

### **Principal Activities and Significant Changes in Nature of Activities**

Q Technology Group Limited is an investment Company with discussions progressing to identify future opportunities for the Company.

### **Dividends**

No dividends have been paid or recommended for the financial year ended 30 June 2021 (2020: Nil).

### **Review of Operations**

As mentioned above, we refer to previous market announcements and advise the directors are in the process of identifying new opportunities for the Company and will provide a market update in accordance with ASX Listing Rules when completed.

### **Environmental Issues**

The Company is not involved in any activities that have a marked influence on the environment within its area of operation. As such, the directors are not aware of any material issues affecting the Company or its compliance with the relevant environmental agencies or regulatory authorities.

### **Significant Changes in State of Affairs**

Other than as mentioned above, no significant changes in the Company's state of affairs occurred during the financial year.

### **Matters subsequent to the end of the financial year**

The company issued 550,000 convertible notes with a face value of \$1 to individual sophisticated and professional investors on 19 July 2021. The convertible notes are subject to shareholder approval before they can be converted. The amount received by the company has been used to pay out overdue creditors of the company in accordance with Creditor and Loan Deeds of Settlement, totalling \$363,204. The settlements reached and executed in the Deeds of Release were at amounts less than recorded liabilities of the company at 30 June 2021 and will result in a gain on debt forgiveness of approximately \$1,100,000 for the year ended 30 June 2022.

# Q TECHNOLOGY GROUP LIMITED AND CONTROLLED ENTITIES

## DIRECTORS REPORT

On 21 July 2021, the existing directors of the company resigned and the board appointed Peter Chai, Susan Lay and Sesidhar Kolikonda.

Other than the matters above, the Directors are not aware of any material matters subsequent to the end of the financial year which will impact this report or the operations of the business.

### Information relating to Directors

#### Peter Chai

#### **Chairman Non-Executive Director**

#### Experience and Qualifications

Mr Chai is currently the Executive Director of Ephraim Resources Limited and Investment Advisers Alliance Pty Limited. He was the personal adviser to the late Datuk Jaafar Ahmad (former Central Bank Governor of Malaysia & Namibia), Corporate Adviser to the Board of The Merino Company and has held senior management roles at AIMS Financial Group, Coats Viyella Garments Asia-Pacific, Shakey's International Limited and Byford International Limited.

Previous Public Company Directorships:

- Quattro Plus Real Estate Trust (ASX: QPR);
- Quattro RE Limited;
- Ragusa Minerals Ltd (ASX : RAS)
- Pan Asia Corporation Limited (ASX: PZC);
- Bisan Limited (ASX: BSN).

#### Interest in Shares and Options

Nil

#### Special Responsibilities

Non-Executive Chairman of Board

Directorships held in other listed entities during the last three years. – Quattro Plus Real Estate Trust (ASX: QPR)  
– Ragusa Minerals Ltd (ASX : RAS)

# Q TECHNOLOGY GROUP LIMITED AND CONTROLLED ENTITIES

## DIRECTORS REPORT

### **Susan Lay**

#### **- Non Executive Director**

#### Experience and Qualifications

Ms Lay is currently Executive Director of Stratagem Tools Pty Limited. She has over 25 years of management consulting, strategic and business development experience, has spearheaded 7 successful start-ups and is an advisor to blue chip companies in Australia, South-East Asia and the USA.

Her previous roles include:

- Managing Director (Singapore and Malaysia) – C-Bridge Internet Solutions Ltd. (Listed on NASDAQ : CBIS).
- General Manager (South-East Asia) – WSA Online Pty Ltd. (acquired by listed Multiimedia Limited (ASX : MUL)).
- Consultant (Singapore & Malaysia) – Commerce Exchange (COMEX an affiliate of The InfoComm Development Authority of Singapore (IDA)).

Ms Chai has a Bachelor of Business from the University of Technology, Sydney, Australia and has completed the Strategic Marketing Management and Executive Management Program – Harvard University, Graduate School of Business Administration, Boston, USA.

#### Interest in Shares and Options

- Nil

#### Special Responsibilities

- Nil

#### Directorships held in other listed entities during the last three years

- Nil

### **Sesidhar Kolikonda**

#### **- Non Executive Director**

#### Experience and Qualifications

- Mr Kolikonda is currently the Executive Director of Arvensys Group of companies.

Between 2005 and 2012, he gained national and international experience by working for blue chip companies Infosys Limited and United Technologies Corporation. In the process he built strong knowledge in niche technologies, enterprise architectures and strong business relationships with companies such as NCR Global, Colt Technology Services Group Limited, Telstra Limited, Otis Worldwide, Boral and Komatsu.

He was recently instrumental in building an innovative next generation platform for the highly-secured ATM and POS machines and systems.

# Q TECHNOLOGY GROUP LIMITED AND CONTROLLED ENTITIES

## DIRECTORS REPORT

Interest in Shares and Options - Nil

Special Responsibilities - Nil

Directorships held in other listed entities during the last three years. - Nil

### Meetings of Directors

During the financial year, meetings of Directors (including Committees of Directors) were held. Attendances by each director during the year were as follows:

	Directors' meetings		Risk and Audit Committee		Remuneration Committee	
	Number eligible to Attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Douglas Potter	2	2	-	-	-	-
Rob Rosa	2	2	-	-	-	-
Edmond Tern	2	2	-	-	-	-
Howard Whitesmith	2	2	-	-	-	-

The current directors joined the board on 21 July 2021 and were not required to attend any board meetings for the year ended 30 June 2021.

### Indemnifying Officers

During or since the end of the financial year, the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay premiums to insure all Directors and Officers against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity of Directors of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

### Indemnity and Insurance of Auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.



# Q TECHNOLOGY GROUP LIMITED AND CONTROLLED ENTITIES

## DIRECTORS REPORT

### Options

At the date of this report there are no unissued ordinary shares of Q Technology Group Limited under option.

There have been no unissued shares or interests under option during or since the end of reporting period.

For details of options issued to Directors and Executives as remuneration, please refer to the Remuneration Report.

### Proceedings on Behalf of Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

### Non-audit Services

The Board of Directors, in accordance with advice from the Audit Committee is satisfied the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.
- No other services or fees were paid or payable to RSM Australia Partners for non-audit services provided during the year ended 30 June 2021. Refer to Note 5 of financial report for details of auditors' remuneration.

### Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and is included in the Financial Report.

### Remuneration Policy

The remuneration policy of Q Technology Group Limited has been designed to align key management personnel ("KMP") objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results.

The Board of Q Technology Group Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company as well as create goal congruence between Directors, Executives and Shareholders.

# Q TECHNOLOGY GROUP LIMITED AND CONTROLLED ENTITIES

## DIRECTORS REPORT

The Board's policy for determining the nature and amount of remuneration for KMP of the Company is as follows:

- The remuneration policy is to be developed by the Remuneration Committee and approved by the Board after professional advice is sought from independent external consultants where considered necessary.
- KMP receive a combination of base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators have been met.
- Incentives paid in the form of options or rights are intended to align the interests of the Directors and Company with those of the Shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The Remuneration Committee reviews KMP packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed bi-annually with each executive and is based predominantly on the forecast growth of the Company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP receive a superannuation guarantee contribution required by the government, which for the FY2021 financial year was 9.5% of the individual's average weekly ordinary time earnings (AWOTE), and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to KMP is valued at the cost to the company and expensed.

The Board's policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is valued using the Black-Scholes methodology.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

In addition, the Board's remuneration policy prohibits directors and KMP from using Q Technology Group Limited shares as collateral in any financial transaction, including margin loan arrangements.

### Engagement of Remuneration Consultants

No remuneration consultant was engaged during the year.

# Q TECHNOLOGY GROUP LIMITED AND CONTROLLED ENTITIES

## DIRECTORS REPORT

### Performance-based Remuneration

The key performance indicators (KPIs) are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Company expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Remuneration Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Q Technology Group Limited bases the assessment on audited figures; however, where the KPI involves comparison of the Company, or a division within the Company, to the market, independent reports may be obtained from organisations such as Standard & Poor's.

### Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between Shareholders, Directors and Executives. Two methods have been applied to achieve this aim, the first a performance-based bonus based on key performance indicators and the second the issue of options to Executives to encourage the alignment of personal and shareholder interests when considered appropriate.

The following table shows the gross revenue and losses for the last five years for the listed company, as well as the share prices at the end of the respective financial years.

	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Revenue	-	-	6,173,771	12,878,730	16,224,060
Net Profit/(loss)	(117,311)	(203,556)	(1,895,006)	(2,052,237)	(1,885,820)
Share price at year-end (cents)	0.4	0.4	0.5	2.0	0.2

# Q TECHNOLOGY GROUP LIMITED AND CONTROLLED ENTITIES

## DIRECTORS REPORT

### Performance Conditions Linked to Remuneration

The Company seeks to emphasise incentives that reward for results and continued commitment to the Company through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of revenue and profit targets, return on equity ratios, and continued employment with the Company provides management with a performance target which focuses upon sales growth and profitability utilising existing Company resources.

The performance related proportions of remuneration based on these targets are included in the following table. The objective of the reward schemes is to both reinforce the short and long-term goals of the Company and provide a common interest between management and shareholders. There has been no alteration to the terms of the bonuses paid since grant date.

The satisfaction of the performance conditions are based on a review of the audited financial statements of the Company, as such figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with factors external to the Company at this time.

### Employment Details of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, key management personnel of the Company. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

Company KMP	Position held as at 30 June 2021 and any change during the year	Contract Details (Duration and Termination)	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
			Non-salary cash-based incentives	Shares/ Units	Options/ Rights	Fixed Salary/Fees	Total
Douglas Potter	Chairman	Ongoing letter of appointment, resigned 21 July 2021	-	-	-	100.0%	100.0%
Robert Rosa	Non Executive Director	Ongoing letter of appointment, resigned 21 July 2021	-	-	-	100.0%	100.0%
Edmond Tern	Non Executive Director	Ongoing letter of appointment, resigned 21 July 2021	-	-	-	100.0%	100.0%
Howard Whitesmith	Managing Director	Ongoing letter of appointment, resigned 21 July 2021	-	-	-	100.0%	100.0%
Andrew Phillips	Company Secretary	Consulting agreement	-	-	-	100.0%	100.0%

On appointment to the board, all Non-Executive Directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director.

# Q TECHNOLOGY GROUP LIMITED AND CONTROLLED ENTITIES

## DIRECTORS REPORT

The employment terms and conditions of all KMP are formalized in contracts of employment. Each of these agreements provide for the provision of performance related cash bonuses, other benefits including car allowances, mobile telephone and laptop, and equity participation, when eligible.

Terms of employment of other KMP require that the Company provide an executive contracted person with a minimum of one month's notice prior to termination of contract. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance. Non-Executive Directors are subject to similar contracts requiring one month's notice to be given on termination. Termination payments are at the discretion of the remuneration committee.

### Changes in Directors and Executives Subsequent to Year-end

On 21 July 2021 the existing directors of QTG resigned and the board was pleased to announce the appointments of Peter Chai, Susan Lay and Sesidhar Kolikonda to the board of Q Technology Group.

### Table of Benefits and Payments for the year ended 30 June 2021 Directors and Key Management Personnel

		Short-term benefits				Post-employment benefits		Long-term benefits		Equity-settled share-based payments		Cash-settled shared-based payments	Termination benefits	Total
		Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Pension and Superannuation	Other	Incentive plans	LSL	Shares / Units	Options / Rights			
Non-Executive Directors														
Douglas Potter	2021	-	-	-	-	-	-	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-
Edmond Tern	2021	-	-	-	-	-	-	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-
Robert Rosa	2021	-	-	-	-	-	-	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-
Howard Whitesmith	2021	-	-	-	-	-	-	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive Directors and Company Secretary														
Andrew Phillips	2021	-	-	-	-	-	-	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	2021	-	-	-	-	-	-	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-

# Q TECHNOLOGY GROUP LIMITED AND CONTROLLED ENTITIES

## DIRECTORS REPORT

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

### Cash Bonuses, Performance-related Bonuses and Share-based Payments

The terms and conditions relating to options and bonuses granted as remuneration during the year to key management personnel and other executives during the year are as follows:

Executive	Remuneration Type	Grant Date	Grant Value	Reason for grant
Nil				

### Description of Options Issued as Remuneration

Nil.

### KMP Shareholdings

The number of ordinary shares in Q Technology Group Limited held by each KMP of the Company during the financial year is as follows:

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
<b>30 June 2021</b>					
Douglas Potter	-	-	-	-	-
Robert Rosa	100,000	-	-	(100,000)	-
Edmond Tern	7,419,387	-	-	-	7,419,387
Howard Whitesmith	11,666,666	-	-	-	11,666,666
Andrew Phillips	10,050	-	-	-	10,050
<b>Total</b>	<b>19,196,103</b>	<b>-</b>	<b>-</b>	<b>(100,000)</b>	<b>19,096,103</b>
<b>30 June 2020</b>					
Douglas Potter	-	-	-	-	-
Robert Rosa	1,750,448	-	-	(1,650,448)	100,000
Edmond Tern	7,419,387	-	-	-	7,419,387
Howard Whitesmith	11,666,666	-	-	-	11,666,666
Andrew Phillips	10,050	-	-	-	10,050
<b>Total</b>	<b>20,846,551</b>	<b>-</b>	<b>-</b>	<b>(1,650,448)</b>	<b>19,196,103</b>

Howard Whitesmith has 2,500,000 shares under his own name as well as 9,166,666 shares under the name Nineteen25 Pty Ltd.

# **Q TECHNOLOGY GROUP LIMITED AND CONTROLLED ENTITIES**

## **DIRECTORS REPORT**

### **Other KMP Transactions**

There have been no other transactions involving equity instruments other than those described in the tables above.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Peter Chai  
Chairman  
31 August 2021

**RSM Australia Partners**

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

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F +61 (0) 3 9286 8199

[www.rsm.com.au](http://www.rsm.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Q Technology Group Limited for the year ended 30 June 2021, 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 audit; and
- ii. any applicable code of professional conduct in relation to the audit.

A blue ink signature that appears to read "RSM" in a stylized, cursive font.**RSM AUSTRALIA PARTNERS**A blue ink signature that appears to read "BY" in a stylized, cursive font.

**B Y CHAN**  
Partner

Dated: 31 August 2021  
Melbourne, Victoria



# **Q TECHNOLOGY GROUP LIMITED**

## **CORPORATE GOVERNANCE STATEMENT**

### **Q Technology Group Limited's Corporate Governance Arrangements**

The Board is responsible for ensuring the existence of an effective corporate governance environment to safeguard the interests of the Company and its Shareholders. This statement outlines the main corporate governance practices that were in place during the year ended 30 June 2021.

The Board considers there to be an unambiguous and positive relationship between the creation and delivery of long-term shareholder value and high-quality corporate governance. Accordingly, in pursuing its objective, the Board has committed to corporate governance arrangements that strive to foster the values of integrity, respect, trust and openness among and between board members, management, employees, customers and suppliers.

Q Technology Group Limited ("QTG") operates as a single economic entity with a unified Board and management.

QTG is listed on the Australian Securities Exchange ("ASX"). Accordingly, unless stated otherwise in this document, the Board's corporate governance arrangements comply with the recommendations of the ASX Corporate Governance Council as well as current standards of best practice for the entire financial year ended 30 June 2021.

### **Board Composition**

At 30 June 2021 the Board was comprised of three Non-Executive Directors and one executive Director. The Board meets regularly and is responsible for providing strategic direction, identifying significant business risks, approving major investment proposals and acquisitions, establishing goals and monitoring the achievement of these goals.

Day to day management of the Company's affairs and the implementation of corporate strategy and policy initiatives are formally delegated by the Board to the Chief Executive Officer and senior executives.

The skills, experience and expertise relevant to the position of each director at the time of signing his report, and their term of office at the date of the annual report, are included in the Directors' Report.

Directors of QTG are considered to be independent when they are independent of management (3 year qualifying period) and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

In the context of director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 10% of the appropriate base amount.

It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangement governing it and other factors that point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

# Q TECHNOLOGY GROUP LIMITED

## CORPORATE GOVERNANCE STATEMENT

In accordance with the definition of the independence above, and the materiality threshold set, the following table at 30 June 2021 indicates the directors of QTG considered as independent:

<b>Names</b>	<b>Role</b>	<b>Non-Executive</b>	<b>Independent</b>
Mr Rob Rosa	Non-Executive Director	Yes	No
Mr Edmond Tern	Non-Executive Director	Yes	No
Mr Douglas Potter	Non-Executive Director Chairman	Yes	No
Mr Howard Whitesmith	Managing Director	No	No

Mr Douglas Potter, being Managing Director of Helmsman Funds Management Limited ("HFML"), was deemed not to be an independent director due to Helmsman Capital Fund Trust IIA of which HFML is trustee is a substantial shareholder of the Company.

Mr Rob Rosa and Mr Edmond Tern were deemed non independent as they have been employed by the company within the last three years.

All directors above were directors of the Company at 30 June 2021. All resigned effective 21 July 2021. The new Directors appointed 21 July 2021 comprising Mr Peter Chai, Ms Susan Lay and Mr Sesidhar Koilkonda are all non executive directors.

There are procedures in place, agreed by the Board, to enable Directors in furtherance of their duties to seek independent professional advice at the Company's expense.

The responsibilities and terms of appointment held by each director in office at the date of this report are as follows:

<b>Name</b>	<b>Position</b>
Mr Peter Chai	Chairman Letter of appointment setting out duties and responsibilities.
Ms Susan Lay	Non Executive Director Letter of appointment setting out duties and responsibilities
Mr Sesidhar Kolikonda	Non Executive Director Letter of appointment setting out duties and responsibilities

The Board considers its current composition is the most appropriate blend of skills and expertise, relevant to the Company's business particularly at a time of significant structural change where the board has been required to meet regularly with key stakeholders and oversee implementation of a significant volume of change initiatives. The Board will consider the structure of the Board going forward and the need to have a majority of independent directors.

### Performance Evaluation

An annual performance evaluation of the Board and all Board members was conducted by the Board for the financial year ended 30 June 2019. No review was deemed necessary during the year ended 30 June 2020 or 30 June 2021 as the recapitalization process continued and the entity did not trade.

# **Q TECHNOLOGY GROUP LIMITED**

## **CORPORATE GOVERNANCE STATEMENT**

### **Board Committees**

To facilitate achieving its objectives the Board has historically established two sub committees comprising Board members – the Risk and Audit Committee and the Remuneration Committee. Each of these Committees has formal terms of reference that outline the committee's roles and responsibilities and the authorities delegated to it by the Board. Due to the size of the company, all Committees have historically comprised the same number of members. It was not deemed necessary for the Board committees to meet during the year ended 30 June 2021 as the recapitalization process continued and the entity did not trade. At the date of this report it is not considered necessary for the new board to form a Risk and Audit Committee or a Remuneration Committee which is a departure from ASX Corporate Governance Council best practice recommendation 2.1 as the Company is not trading. This will be reviewed as necessary in line with company and ASX requirements.

### **Nomination Committee**

The Company has historically not assigned a Nomination Committee, which is a departure from ASX Corporate Governance Council best practice recommendation 2.1. The full Board is responsible for establishing criteria for Board membership, reviewing Board membership and nominating Directors for appointment to the Board. Candidates are initially appointed by the Board and must stand for election at the next general meeting of Shareholders.

Directors are selected on the basis of qualification, skills and experience, and are subject to retirement by rotation in accordance with the Company's constitution.

### **Independent Professional Advice**

Directors have the right to seek independent professional advice at the Company's expense in the furtherance of their duties as Directors. Approval must be obtained from the Chairman prior to incurring any such expense on behalf of the Company.

### **Identifying and Managing Business Risks**

The Board regularly monitors the operational and financial performance of the Company and economic entity and also reviews and (where necessary) receives independent external advice on areas of operational and financial risks. Appropriate risk management strategies are developed to mitigate all identified risks of the business.

### **Trading Policy**

The Company's securities dealing policy regarding Directors and employees trading in its securities is set by the Board. The policy restricts Directors and employees from trading on material information until it has been released to the market and adequate time has been given for this to be reflected in the securities' prices.

### **Risk Management**

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the business risk profile is undertaken and reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks.

Internal controls to negate the identified risks are assessed and reviewed by the Board.

### **Ethical Standards**

The Board is committed to its core governance values of integrity, respect, trust and openness among and between Board members, management, employees, customers and suppliers. These values are enshrined in the Board's Code of Conduct policy. The Board acknowledges and emphasises the

# Q TECHNOLOGY GROUP LIMITED

## CORPORATE GOVERNANCE STATEMENT

importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring Directors and employees to:

- Act honestly and in good faith;
- Exercise due care and diligence in fulfilling the functions of office;
- Avoid conflicts and make full disclosure of any possible conflict of interest;
- Comply with both the letter and spirit of the law;
- Encourage the reporting and investigating of unlawful and unethical behaviour, and
- Comply with the securities trading policy outlined in the code of conduct.

A copy of the Company's code of conduct for Directors and key officers is available on the company website.

### Continuous Disclosure and Shareholder Communication

The Company has a Continuous Disclosure policy that sets out who is responsible for ensuring compliance with the Continuous Disclosure and all communication with the ASX. All information disclosed to the ASX is posted on the company website as soon as it is disclosed to the ASX.

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- The annual report is available to all shareholders. The Board ensures that the annual report includes relevant information about the operations of the Company during the year, changes in the state of affairs of the Company and details of future developments, in addition to the other disclosures required by the Corporations Law.
- Half year financial statements prepared in accordance with the requirements of Accounting Standards and the *Corporations Act 2001* and subject to an audit review are lodged with the Australian Securities and Investments Commission and Australian Stock Exchange Limited.
- Proposed major changes in the Company which may impact on share ownership rights are submitted to a vote of shareholders.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as resolutions. The shareholders are responsible for voting on the appointment of Directors.

### Other

The best practice recommendations of the ASX Corporate Governance Council require the Company to formalise and make publicly available a number of different charters and policies.

Subject to the exceptions outlined below, the Company will adopt the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations released in February 2019 ("Recommendations") to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

The Company's compliance with Recommendations is summarised in the table below:

Recommendation	ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>	Recommendation	ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>
Recommendation 1.1	Yes		Recommendation 4.2	Yes	

# Q TECHNOLOGY GROUP LIMITED

## CORPORATE GOVERNANCE STATEMENT

Recommendation 1.2	Yes		Recommendation 4.2	Yes	
Recommendation 1.3	Yes		Recommendation 4.3	Yes	
Recommendation 1.4	Yes		Recommendation 5.1	Yes	
Recommendation 1.5	No	Yes	Recommendation 5.2	Yes	
Recommendation 1.6	Yes		Recommendation 5.3	Yes	
Recommendation 1.7	Yes		Recommendation 6.1	Yes	
Recommendation 2.1	No	Yes	Recommendation 6.2	Yes	
Recommendation 2.2	Yes		Recommendation 6.3	Yes	
Recommendation 2.3	Yes		Recommendation 6.4	Yes	
Recommendation 2.4	Yes		Recommendation 6.5	Yes	
Recommendation 2.5	Yes		Recommendation 7.1	No	Yes
Recommendation 2.6	Yes		Recommendation 7.2	Yes	
Recommendation 3.1	Yes		Recommendation 7.3	No	Yes
Recommendation 3.2	Yes		Recommendation 7.4	Yes	
Recommendation 3.3	No	Yes	Recommendation 8.1	No	Yes
Recommendation 3.4	No	Yes	Recommendation 8.2	Yes	
Recommendation 4.1	No	Yes	Recommendation 8.3	Yes	

<sup>1</sup> Indicates where the Company has followed the Recommendations and summarised those practices below.

<sup>2</sup> Indicates where the Company has provided a 'if not, why not' disclosure below

In acknowledging the Key Messages of the first review of the corporate governance reporting under the Revised Recommendations by ASX Markets Supervision ("ASXMS"), the Company has provided additional disclosure for each of the 29 recommendations. Where the Company has departed from a Recommendation, the Company has provided substantive reasons and refers to material containing additional disclosure, as relevant.

The "if not, why not" disclosure of the Company is summarised in the table below:

Recommendation	Explanation of Departure from Recommendation
1.5	Owing to the size, skill set and current composition of the Board, the Company does not have a gender diversity policy. The board will consider the need to have a gender diversity policy in due course.
2.1	Owing to the size and composition of the Board, it is not appropriate to establish an Independent Nomination Committee or to establish a formal Nomination Policy at this stage.

# Q TECHNOLOGY GROUP LIMITED

## CORPORATE GOVERNANCE STATEMENT

- 3.3 As the company does not trade it is not necessary to have a whistleblower policy at this stage.
- 3.4 As the company does not trade it is not necessary to have a policy at this stage.
- 4.1 As the company does not trade it is not necessary to have a separate Audit Committee at this stage.
- 7.1 As the company does not trade it is not necessary to have a separate Risk Committee at this stage.
- 7.3 Owing to the size and the fact the company does not trade the Company does not have an internal audit function. The Board will consider this in due course.
- 8.1 Owing to the size and the fact the company does not trade the Company does not have a Remuneration Committee. The Board will consider this in due course.

As the Company's activities develop in size, nature and scope, the Company's corporate governance policies and processes will continue to be reviewed and improved as resources permit.

### Board Roles and Responsibilities

The Board is accountable to the shareholders for creating and delivering shareholder value through governance of the company's business activities. The discharge of these responsibilities is facilitated by the Board delivering to shareholders timely and balanced disclosures about the company's performance.

As a part of its corporate governance arrangements, the Board has established a strategy for engaging and communicating with shareholders that includes:

- regular meetings with institutional shareholders;
- quarterly reporting to all shareholders; and
- actively encouraging shareholders to attend and participate in the company's Annual General Meeting.

The Board has delegated to the Chief Executive Officer (CEO) all authorities appropriate and necessary to achieve the Board's objective to create and deliver long-term shareholder value. Notwithstanding these delegations of authority by the Board, the CEO remains accountable to the Board for the authority delegated to him and for the performance of the company's business activities at all times. As noted above, the Board regularly monitors the decisions and actions of the CEO as well as the performance of the company's business activities.

Independent Directors have the right to seek independent professional advice on any matter connected with the discharge of their responsibilities as Directors at the company's expense. Written approval must be obtained from the Chairman prior to incurring any expense on behalf of the Company.

### Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of Directors, changes to the constitution and receipt of annual and interim financial statements. The Board actively encourages shareholders to attend and participate in the Annual General Meetings of QTG, to lodge questions to be responded to by the Board and/or the CEO and are able to appoint proxies.

## Q TECHNOLOGY GROUP LIMITED

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2021

	Note	2021	2020
<b>Continuing Operations</b>			
Employee benefits expense		-	-
Finance costs		-	-
Legal fees		(14,686)	(36,997)
Insurance		-	(58,247)
Travel expenses		-	-
Other expenses		(102,625)	(108,312)
<b>Loss before income tax</b>		<b>(117,311)</b>	<b>(203,556)</b>
Income tax expense	3	-	-
<b>Net Loss from continuing operations</b>		<b>(117,311)</b>	<b>(203,556)</b>
<b>Other comprehensive income for the year:</b>		-	-
<b>Total comprehensive income for the year</b>		<b>(117,311)</b>	<b>(203,556)</b>
Total comprehensive income attributable to:			
- Members of the parent entity		(117,311)	(203,556)
		<b>(117,311)</b>	<b>(203,556)</b>

The accompanying notes form part of these financial statements.

#### Earnings per share

From continuing and discontinued operations:

- Basic earnings per share (cents)	7	(0.078)	(0.136)
- Diluted earnings per share (cents)		(0.078)	(0.136)

From continuing operations:

- Basic earnings per share (cents)	7	(0.078)	(0.136)
- Diluted earnings per share (cents)		(0.078)	(0.136)
-			

**Q TECHNOLOGY GROUP LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2021**

	Note	2021	2020
<b><u>ASSETS</u></b>			
<b><u>CURRENT ASSETS</u></b>			
Cash and cash equivalents	8	7,548	-
Other current assets	9	7,848	7,660
<b>TOTAL CURRENT ASSETS</b>		<b>15,396</b>	<b>7,660</b>
<b>TOTAL ASSETS</b>		<b>15,396</b>	<b>7,660</b>
<b><u>LIABILITIES</u></b>			
<b><u>CURRENT LIABILITIES</u></b>			
Trade and other payables	10	438,397	381,396
Borrowings	11	1,146,429	1,078,383
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,584,826</b>	<b>1,459,779</b>
<b>TOTAL LIABILITIES</b>		<b>1,584,826</b>	<b>1,459,779</b>
<b>NET LIABILITIES</b>		<b>(1,569,430)</b>	<b>(1,452,119)</b>
<b><u>EQUITY</u></b>			
Issued capital	12	76,661,475	76,661,475
Reserves		-	-
Accumulated losses		(78,230,905)	(78,113,594)
<b>TOTAL EQUITY</b>		<b>(1,569,430)</b>	<b>(1,452,119)</b>

The accompanying notes form part of these financial statements.



# Q TECHNOLOGY GROUP LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2021

	Issued Capital	Accumulated losses	Options Reserve	Total
<b>Balance at 1 July 2020</b>	76,661,475	(78,113,594)	-	(1,452,119)
Loss attributable to members of the parent entity	-	(117,311)	-	(117,311)
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>76,661,475</b>	<b>(78,230,905)</b>	<b>-</b>	<b>(1,569,430)</b>
<b>Transactions with owners, in their capacity as owner, and other transfers</b>				
Dividends paid and provided for	-	-	-	-
Shares issued during the year	-	-	-	-
Transfers from reserves to accumulated losses	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>76,661,475</b>	<b>(78,230,905)</b>	<b>-</b>	<b>(1,569,430)</b>
<b>Balance at 1 July 2019</b>	76,661,475	(77,910,038)	-	(1,248,563)
Loss attributable to members of the parent entity	-	(203,556)	-	(203,556)
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>76,661,475</b>	<b>(78,113,594)</b>	<b>-</b>	<b>(1,452,119)</b>
<b>Transactions with owners, in their capacity as owner, and other transfers</b>				
Dividends paid and provided for	-	-	-	-
Shares issued during the year	-	-	-	-
Transfers from reserves to accumulated losses	-	-	-	-
<b>Balance at 30 June 2020</b>	<b>76,661,475</b>	<b>(78,113,594)</b>	<b>-</b>	<b>(1,452,119)</b>

The accompanying notes form part of these financial statements.

**Q TECHNOLOGY GROUP LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE**  
**2021**

	Note	2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Receipts from customers		-	-
Payments to suppliers and employees		(60,499)	(162,665)
Interest received		-	-
Finance costs		-	-
<b>Net cash provided by/(used in) operating activities</b>	15	<b>(60,499)</b>	<b>(162,665)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Proceeds from sale of property, plant and equipment		-	-
Transfer to deposits		-	-
Purchase of property, plant and equipment		-	-
<b>Net cash provided by/(used in) investing activities</b>		<b>-</b>	<b>-</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from issue of shares		-	-
Proceeds from borrowings		68,047	149,207
Repayment of borrowings		-	-
<b>Net cash provided by/(used in) financing activities</b>		<b>68,047</b>	<b>149,207</b>
Net (decrease)/increase in cash held		7,548	(13,458)
Cash and cash equivalents at beginning of financial year		-	13,458
<b>Cash and cash equivalents at end of financial year</b>	8	<b>7,548</b>	<b>-</b>

The accompanying notes form part of these financial statements.

**Q TECHNOLOGY GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR YEAR ENDED 30 JUNE 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements and notes represent those of Q Technology Group Limited.

The financial statements are authorised for issue on 31 August 2021 by the Directors of the Company.

**Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for the cash flow information the financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**Q TECHNOLOGY GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR YEAR ENDED 30 JUNE 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. Income tax**

The income tax expense/(income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

# Q TECHNOLOGY GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

#### C. Property, plant and equipment

Each class of property, plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses.

##### Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a re-valued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

##### Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5 – 37.5%
Plant and equipment under lease	15 – 60%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

# Q TECHNOLOGY GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **D. Right of use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

#### **E. Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

#### **F. Financial instruments**

##### **Recognition and initial measurement**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

# Q TECHNOLOGY GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

#### *Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

#### *Impairment of financial assets*

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

### **G. Fair value of Assets and Liabilities**

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

The Company did not measure any of its assets and liabilities at fair value on either a recurring or non-recurring basis, during the financial year.

**Q TECHNOLOGY GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Impairment of Assets**

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**I. Foreign Currency Transactions and Balances**

**Functional and presentation currency**

The functional currency of each of the Company's entities is determined using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.



# Q TECHNOLOGY GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### J. Employee Benefits

##### Short term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

##### Other long-term employee benefits

Provision is made for employees' long service leave and annual entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departure and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

##### Equity-settled compensation

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

# Q TECHNOLOGY GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### K. Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measurable using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### L. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

#### M. Revenue and Other Income

##### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest revenue is recognised using the effective interest rate method.

All revenue is stated net of the amount of goods and services tax (GST).

#### N. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remains unpaid. The balance is recognised as a current liability.

#### O. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Q TECHNOLOGY GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**P. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**Q. Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

**R. Critical Accounting Estimates and Judgments**

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

# Q TECHNOLOGY GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### S. Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the company incurred a loss of \$117,311 (2020: \$203,556 loss) and had net cash outflows from operating activities of \$60,499 (2020: \$162,665 operating cash outflows) for the year ended 30 June 2021. As at that date the company had net current liabilities of \$1,569,430 (2020: \$1,452,119 net current liabilities) and net liabilities of \$1,569,430 (2020: \$1,452,119 net liabilities).

These factors indicate a material uncertainty which may cast significant doubt over the ability of the company to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the company will be able to continue as a going concern, after consideration of the following factors:

- As disclosed in Note 13 Events After the Report Period, on 19 July 2021 the company issued convertible notes to new investors to the value of \$550,000, convertible at the company or note holder's discretion. The terms of the convertible notes were subject to a condition that they would not be convertible to issued capital until such time as shareholder approval is received. For this reason, the convertible notes are classified as debt until such time that their conversion is approved under the ASX Listing Rules, and then following such shareholder approval, they will be classified as equity.
- As disclosed in Note 18 Deed of Cross Guarantee, the Directors have entered into a Conditional Deed of Release with the Administrators of QRSciences Security Pty Ltd to pay the Administrators \$81,000 in full and final settlement of the Deed of Cross Guarantee. This amount was paid on 21 July 2021.
- In July 2021, the company reached settlement with all outstanding creditors at 30 June 2021, and entered into Creditor and Loan Deeds of Release to pay out all overdue creditors of the company including loans to Helmsman Funds Management Ltd in its capacity as trustee of Helmsman Capital Fund Trusts IIA and IIB. The settlements reached and executed in the Deeds of Release were at amounts less than recorded liabilities of the company at 30 June 2021 and will result in a gain on debt forgiveness of \$1,071,623.

Accordingly, the Directors believe that the company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company does not continue as a going concern.

**Q TECHNOLOGY GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR YEAR ENDED 30 JUNE 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**T. New or amended Accounting Standards and Interpretations adopted**

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Company:

*Conceptual Framework for Financial Reporting (Conceptual Framework)*

The Company has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Company's financial statements.

**Q TECHNOLOGY GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR YEAR ENDED 30 JUNE 2021**

**NOTE 2: PROFIT/LOSS FOR THE YEAR**

Profit/Loss before income tax from continuing operations includes the following specific items:

	<u>2021</u>	<u>2020</u>
<b>Expenses</b>		
Finance costs		
- external parties	-	-
- bank charges	60	-
<b>Total finance costs</b>	<u>60</u>	<u>-</u>
<b>Employee benefits expenses</b>		
Defined contribution superannuation expense	-	-
Other employee benefits expense	-	-
<b>Total employee benefits expense</b>	<u>-</u>	<u>-</u>

# Q TECHNOLOGY GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

### NOTE 3: INCOME TAX EXPENSE

	2021	2020
The prima facie tax on profit from continuing activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on (loss) before income tax at 26% (2020: 30%)	(35,193)	(61,067)
Add:		
Tax effect of:		
Other non-allowable items	-	-
	(35,193)	(61,067)
Less:		
Tax effect of:		
Non recognition of current year tax loss	35,193	61,067
De-recognition of deferred tax assets	-	-
<b>Income tax attributable to entity</b>	-	-

### NOTE 4: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2021.

The total remuneration paid to KMP of the company and the Company during the year are as follows:

	2021	2020
Short-term employee benefits	-	-
Post-employment benefits	-	-
Share based payments	-	-
Termination payments	-	-
	-	-

#### Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chairman and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and KMP.

# Q TECHNOLOGY GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

### Post-employment benefits

These amounts are superannuation contributions made during the year.

### Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Directors' Report.

### NOTE 5: AUDITOR'S REMUNERATION

	2021	2020
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial statements	10,000	10,000

### NOTE 6: DIVIDENDS

No dividends were paid or provided for during the year (2020: Nil).



# Q TECHNOLOGY GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

### NOTE 7: EARNINGS PER SHARE

	Note	2021	2020
a. Reconciliation of earnings to profit / (loss)			
Profit/(loss) from continuing and discontinued operations		(117,311)	(203,556)
<b>Earnings used to calculate basic and diluted EPS</b>		<b>(117,311)</b>	<b>(203,556)</b>
b. Reconciliation of earnings to profit or (loss) from continuing operations			
Profit/(loss) from continuing operations		(117,311)	(203,556)
<b>Earnings used to calculate basic and diluted EPS from continuing operations</b>		<b>(117,311)</b>	<b>(203,556)</b>
		<b>No.</b>	<b>No.</b>
d. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		150,206,150	150,206,150
Weighted average number of diluted options outstanding		-	-
<b>Weighted average number of ordinary shares and options outstanding during the year used in calculating dilutive EPS</b>		<b>150,206,150</b>	<b>150,206,150</b>
e. Diluted earnings per share is not reflected for discontinued operations as the result is anti-dilutive in nature		-	-

### NOTE 8: CASH AND CASH EQUIVALENTS

	Note	2021	2020
Cash at bank and in hand		7,548	-
	<b>15</b>	<b>7,548</b>	<b>-</b>

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2021	2020
Cash and cash equivalents	7,548	-
Debtors financing facility	-	-
	<b>7,548</b>	<b>-</b>

# Q TECHNOLOGY GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

### NOTE 9: OTHER CURRENT ASSETS

	2021	2020
Other assets and prepayments	7,848	7,660
<b>Total Other Current Assets</b>	<b>7,848</b>	<b>7,660</b>

### NOTE 10: TRADE AND OTHER PAYABLES

	Note	2021	2020
<b>Unsecured liabilities</b>			
Trade payables		228,194	184,346
Sundry payables and accrued expenses		210,203	197,050
		<b>438,397</b>	<b>381,396</b>

### NOTE 11: BORROWINGS

	Note	2021	2020
<b>CURRENT</b>			
<b>Unsecured liabilities</b>			
Unsecured loans		1,146,429	1,078,383
<b>Total current borrowings</b>		<b>1,146,429</b>	<b>1,078,383</b>
<b>NON-CURRENT</b>			
<b>Unsecured liabilities</b>			
Unsecured loans		-	-
<b>Total borrowings</b>		<b>1,146,429</b>	<b>1,078,383</b>

Unsecured loans are from Helmsman Capital Fund Trust IIA.

Access was available at balance date to the following lines of credit:

	2021	2020
Helmsman Capital Trust Fund IIA	1,146,429	1,078,383
<b>Total facility</b>	<b>1,146,429</b>	<b>1,078,383</b>
Used at balance date	1,146,429	1,078,383
<b>Unused at balance date</b>	<b>-</b>	<b>-</b>

# Q TECHNOLOGY GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

### NOTE 12: ISSUED CAPITAL

	2021	2020
150,206,150 (2020:150,206,150) fully paid ordinary shares	76,661,475	76,661,475
	<b>76,661,475</b>	<b>76,661,475</b>

The company has share capital amounting to 150,206,150 ordinary shares.

#### a. Ordinary Shares

	2021 No.	2020 No.
At the beginning of reporting period	150,206,150	150,206,150
Movements in the reporting period	-	-
<b>At the end of the reporting period</b>	<b>150,206,150</b>	<b>150,206,150</b>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

#### Capital Management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern so they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

# Q TECHNOLOGY GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

### NOTE 13: EVENTS AFTER THE REPORTING PERIOD

The company issued 550,000 convertible notes with a face value of \$1 to individual sophisticated and professional investors on 19 July 2021. The convertible notes are subject to shareholder approval before they can be converted. The amount received by the company has been used to pay out overdue creditors of the company in accordance with Creditor and Loan Deeds of Settlement, totalling \$363,204. The settlements reached and executed in the Deeds of Release were at amounts less than recorded liabilities of the company at 30 June 2021 and will result in a gain on debt forgiveness of \$1,071,623.

On 21 July 2021, the existing directors of the company resigned and the board appointed Peter Chai, Susan Lay and Sesidhar Kolikonda.

Other than the matters above, the Directors are not aware of any material matters subsequent to the end of the financial year which will impact this report or the operations of the business.

### NOTE 14: OPERATING SEGMENTS

The company operates in the one operating segment and in the one geographical area being Australia.

### NOTE 15: CASH FLOW INFORMATION

#### Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2021 \$	2020 \$
Profit/(loss) after income tax	(117,311)	(203,556)
Non-cash flows in profit		
- Depreciation and amortisation	-	-
- Net loss/(gain) on sale of plant & equipment	-	-
- Gain on deconsolidation	-	-
Changes in assets and liabilities		
- (Increase)/decrease in receivables	-	-
- (Increase)/decrease in inventories	-	-
- (Increase)/decrease in other assets	(189)	(7,660)
- Increase/(decrease) in payables	57,001	48,551
- Increase/(decrease) in provisions	-	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(60,499)</b>	<b>(162,665)</b>

### NOTE 16: RELATED PARTY TRANSACTIONS

#### Key Management Personnel

Disclosures relating to key management personnel are set out in note 4 and the remuneration report included in the directors' report.

## Q TECHNOLOGY GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

#### Transactions with related parties

During the year Helmsman Funds Management Limited, for which Douglas Potter is the Managing Director, paid \$68,046 of expenses on behalf of the Q Technology Group. This is reflected in the accounts as an increase in current liabilities.

There were no other transactions between related parties during the period.

All transactions were made on normal commercial terms and conditions and at market rates.

#### NOTE 17: FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, banks and other borrowings.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Notes	2021 \$	2020 \$
<b>Financial Assets</b>			
Cash and cash equivalents	8	7,548	-
<b>Total Financial Assets</b>		<b>7,548</b>	<b>-</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
- Trade and other payables	10	438,397	381,396
- Borrowings	11	1,146,429	1,078,383
<b>Total Financial Liabilities</b>		<b>1,548,826</b>	<b>1,459,779</b>

#### Financial Risk Management Policies

The Risk and Audit Committee (RAC) has been delegated with responsibility by the Board of Directors for, amongst other issues, monitoring and managing financial risk exposures of the Company. The RAC monitors the Company's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, financing risk and interest rate risk.

# Q TECHNOLOGY GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

### NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

The RAC's overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

#### Specific Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are credit risk and liquidity risk.

##### a. Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating. Where the Company is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

#### Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Credit risk related to balances with banks and other financial institutions is managed by the RAC in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities:

		2021	2020
Cash and cash equivalents			
- AA Rated	8	7,548	-
		<b>7,548</b>	<b>-</b>

##### b. Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- monitoring undrawn credit facilities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets

# Q TECHNOLOGY GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

### NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Financial guarantee liabilities are treated as payable on demand since the Company has no control over the timing of any potential settlement of the liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that invoice discounting facilities will be renegotiated upon expiry.

#### Financial Liability and Financial Asset Maturity Analysis

\$	<u>Within 1 Year</u>		<u>1 to 5 Years</u>		<u>Over 5 Years</u>		<u>Total</u>	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Financial liabilities due for payment</b>								
Borrowings	1,146,429	1,078,383	-	-	-	-	1,146,429	1,078,383
Trade and other payables	438,397	381,396			-	-	438,397	381,396
<b>Total expected outflows</b>	<b>1,584,826</b>	<b>1,459,779</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,584,826</b>	<b>1,459,779</b>
<b>Financial assets - cash flows realisable</b>								
Cash and cash equivalents	-	-			-	-	-	-
Trade and other receivables	-	-			-	-	-	-
<b>Total anticipated inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (outflow)/inflow on financial instruments</b>	<b>(1,584,826)</b>	<b>(1,459,779)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,584,826)</b>	<b>(1,459,779)</b>

# Q TECHNOLOGY GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021

### NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

		<u>2021</u>		<u>2020</u>	
		Net Carrying Amount \$	Fair Value \$	Net Carrying Amount \$	Fair Value \$
<b><u>Financial assets</u></b>					
Cash and cash equivalents	8	7,548	7,548	-	-
Trade and other receivables		-	-	-	-
<b>Total financial assets</b>		<b>7,548</b>	<b>7,548</b>	<b>-</b>	<b>-</b>
<b><u>Financial liabilities</u></b>					
Trade and other payables	10	436,397	436,397	381,396	381,396
Borrowings	11	1,146,429	1,146,429	1,078,383	1,078,383
<b>Total financial liabilities</b>		<b>1,584,826</b>	<b>1,584,826</b>	<b>1,459,779</b>	<b>1,459,779</b>

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables including debtor finance facility are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.
- (ii) Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

### NOTE 18: DEED OF CROSS GUARANTEE

Q Technology Group Limited and QRSciences Security Pty Ltd are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering the deed, the wholly-owned entity has been relieved from the requirement to prepare a financial report and Director's report under class order 98/1418 issued by the Australian Securities and Investments Commission.

The Directors have entered into a Conditional Deed of Release with the Administrators of QRSciences Security Pty Ltd to pay the Administrators \$81,000 in full and final settlement and this amount was paid in July 2021.

The Conditional Deed of Release includes a settlement with Helmsman Funds Management Limited as trustee of Helmsman Capital Fund Trust IIA ("Helmsman") to pay \$81,000 in full and final settlement of the outstanding loans and amounts owed to Helmsman Capital Fund Trust IIA subject to the successful recapitalisation of Q Technology Group Limited. This amount was paid in July 2021.



**Q TECHNOLOGY GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2021**

**NOTE 19: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The company has no contingent liability or contingent assets at 30 June 2021.

**NOTE 20: COMPANY DETAILS**

The registered office and principal place of business is Level 5/23-25 Hunter Street, Sydney NSW 2000.

# Q TECHNOLOGY GROUP LIMITED

## DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), and
  - b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Company.
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.
3. The Directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Financial Officer and Company Secretary.

This declaration is made in accordance with a resolution of the Board of Directors.



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Peter Chai  
Chairman  
31 August 2021

**RSM Australia Partners**

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Q Technology Group Limited

#### Opinion

We have audited the financial report of Q Technology Group Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1(s) in the financial report, which indicates that the Company incurred a net loss of \$117,311 and had net cash outflows from operating activities of \$60,499 during the year ended 30 June 2021 and, as of that date, the Company had net current liabilities of \$1,569,430 and net liabilities of \$1,569,430.

As stated in Note 1(s), these events or conditions, along with other matters as set forth in Note 1(s), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
<b>Completeness of Liabilities</b> Refer to Note 10 and Note 11 in the financial statements	
<p>The Company's statement of financial position consists primarily of trade and other payables and borrowings.</p> <p>The completeness of liabilities is considered a Key Audit Matter as it relates to the assessment of the Group's ability to continue as a going concern, as described in the Material Uncertainty Related to Going Concern paragraph.</p> <p>The completeness of liabilities is also a Key Audit Matter as liabilities are the main balances on the statement of financial position.</p>	<p>Our audit procedures in relation to the completeness of liabilities included testing for unrecorded liabilities by selecting a sample of payments to creditors subsequent to the end of the financial year to ensure the liabilities to which the payments relate have been recorded in the correct period.</p>

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf). This description forms part of our auditor's report.

**Report on the Remuneration Report***Opinion on the Remuneration Report*

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Q Technology Group Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**RSM AUSTRALIA PARTNERS**

**B Y CHAN**  
Partner

Dated: 31 August 2021  
Melbourne, Victoria

# Q TECHNOLOGY GROUP LIMITED

## ADDITIONAL INFORMATION FOR PUBLICLY LISTED COMPANIES

The shareholder information set out below was applicable as at 30 August 2021.

### Shareholding

#### a. Distribution of Shareholders

	Total holders	Ordinary Shares
Category (size of holding)		
1 – 1,000	585	133,694
1,001 – 5,000	222	518,196
5,001 – 10,000	43	295,753
10,001 – 100,000	87	3,261,283
100,001 – and over	26	145,997,224
<b>Total</b>	<b>963</b>	<b>150,206,150</b>

b. The number of shareholders with less than marketable parcels is 943.

c. The names of the substantial shareholders listed in the holding company's register as at 30 August 2021 are:

Shareholder	Number of ordinary shares
HELMSMAN FUNDS MANAGEMENT LTD <HELMSMAN CAP FUND TRUST IIA>	102,088,130
SUPERPJ PTY LTD <HIGGINS SUPER FUND A/C>	9,166,667
NINETEEN25 PTY LIMITED <VH SUPERANNUATION FUND A/C>	9,166,666
MR EDMOND MINFUI TERN	7,419,387
BIB CO PTY LIMITED ACN 618706246 AS TRUSTEE FOR THE PALMYRA INVESTMENT TRUST	5,687,500

#### a. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares	Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
Options	No voting rights.

# Q TECHNOLOGY GROUP LIMITED

## ADDITIONAL INFORMATION FOR PUBLICLY LISTED COMPANIES

### b. 20 Largest Shareholders — Ordinary Shares

	Number of ordinary fully paid shares held	% held of issued ordinary capital
HELMSMAN FUNDS MANAGEMENT LTD <HELMSMAN CAP FUND TRUST IIA>	102,088,130	67.97
SUPERPJ PTY LTD <HIGGINS SUPER FUND A/C>	9,166,667	6.10
NINETEEN25 PTY LIMITED <VH SUPERANNUATION FUND A/C>	9,166,666	6.10
MR EDMOND MINFUI TERN	7,419,387	4.94
BIB CO PTY LIMITED ACN 618706246 AS TRUSTEE FOR THE PALMYRA INVESTMENT TRUST	5,687,500	3.79
SPANDAY PTY LTD <TENNYSON RETIREMENT S/F A/C>	4,105,335	2.73
MR HOWARD WHITESMITH	2,500,000	1.66
THANK KEATING PTY LTD <C&N CUFFE FAMILY SUPER A/C>	2,250,000	1.50
MR STEPHEN JOHN HART	450,000	0.30
MS BROOKE BOROS	429,009	0.29
MS SIU WAN YIP	308,669	0.21
MS JENNIFER ANN TERPSTRA	300,000	0.20
TROMSO PTY LIMITED	278,525	0.19
MR RYAN COLBRAN	189,996	0.13
MR KENNETH MONGAN	175,194	0.12
MRS PENELOPE JANE BLIGH	166,500	0.11
MR MARCEL KUNATH	163,218	0.11
WADICK ENTERPRISES PTY LIMITED <WADICK SUPER FUND A/C>	162,500	0.11
MR RAJEEV KAPUR	140,000	0.09
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	135,104	0.09
<b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)</b>	<b>145,282,400</b>	<b>96.72</b>
<b>Total Remaining Holders Balance</b>	<b>4,923,750</b>	<b>3.28</b>