

14 June 2012

**GWA Group Limited enters into Scheme Implementation Agreement to
acquire security and locksmith group
Q Technology Group Limited**

- **GWA Group Limited (GWA) (through a wholly-owned subsidiary) proposes to acquire all ordinary shares in Q Technology Group Ltd (QTG) for a cash consideration of 3.8 cents per share¹ (the Scheme Consideration).**
- **The Scheme Consideration of 3.8 cents per share represents a premium of 130% to QTG's volume weighted average share price (VWAP) of 1.65 cents in the month up to and including 13 June 2012 (being the last day of trading before the Scheme was announced).**
- **The transaction will be implemented by way of a scheme of arrangement (the Scheme). If the Scheme is implemented, QTG will become a wholly owned subsidiary of GWA and will be delisted from the ASX.**
- **The QTG Board have provided a unanimous recommendation that QTG shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to an independent expert concluding that the Scheme is in the best interests of QTG shareholders.**
- **GWA has also entered into a Call Option Deed with Bond Street Custodians Limited in its capacity as custodian for Helmsman Funds Management Limited in its capacity as trustee of the Helmsman Capital Fund Trust IIA (Helmsman) over 28,049,813 ordinary shares in QTG representing 14.3% of QTG's ordinary shares on issue.**

GWA, Australia's leading supplier of building fixtures and fittings to households and commercial premises, today has entered into a Scheme Implementation Agreement with QTG in the form attached to this announcement (SIA) under which, subject to approval by shareholders of QTG and the satisfaction of a number of conditions, it is proposed that GWA will acquire 100% of the issued ordinary shares in QTG, for

¹ This amount will be reduced by the following amounts (per ordinary share): (i) the aggregate cash amount of any dividend declared, determined or paid by QTG during the period from the date of this announcement until the implementation date; and (ii) the aggregate amount of any consideration paid by QTG to cancel QTG options and any other rights to be issued QTG shares and options (as one of the conditions precedent to the Scheme).

the Scheme Consideration. The Scheme Consideration of 3.8 cents per share represents a 14% discount to Net Asset value, and a premium to the Net Tangible Assets of 2.4 cents of QTG at 31 December 2011. The Scheme implies an enterprise value of \$20.6 million for QTG comprising an equity value of \$7.4 million² and assumed debt obligations of \$13.2 million.

GWA has also entered into a Call Option Deed with Helmsman which enables GWA to acquire 28,049,813 ordinary shares in QTG (representing 14.3% of QTG's ordinary shares on issue) from Helmsman where a competing proposal is matched by GWA under the matching rights included in the SIA. QTG has provided its written consent to this transaction in accordance with the standstill arrangement discussed below. The details of the Call Option Deed will be disclosed in a substantial holder notice to be lodged with the ASX by GWA.

QTG's Chairman Comments

QTG's Non-Executive Chairman Bruce Higgins said, "After a detailed review of QTG's options and an assessment of GWA's proposal, the QTG Board unanimously considers the Scheme to be in the best interests of QTG shareholders. We recommend that QTG shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to an independent expert concluding that the Scheme is in the best interests of QTG shareholders. Each QTG director intends to vote in favour of the Scheme, or procure that the voting rights which the director has control over are voted in favour of the Scheme, in the absence of a superior proposal and subject to an independent expert concluding that the Scheme is in the best interests of QTG shareholders".

Implementation and Transaction Conditions

The Scheme is subject to certain conditions precedent, including:

- securing ongoing supply of products from QTG's key suppliers;
- cancellation of all outstanding QTG options;
- no QTG regulated events and/or material adverse changes;
- the repayment by GWA of QTG's finance facilities being no more than \$14 million;
- an independent expert report concluding that the Scheme is in the best interests of QTG shareholders;
- the QTG Board unanimously stating in the scheme booklet that it considers the Scheme to be in the best interests of QTG shareholders and recommending that QTG shareholders vote in favour of the Scheme in the absence of a superior proposal (and subject to the independent expert concluding that the Scheme is in the best interests of QTG shareholders), and the QTG Board not withdrawing, qualifying or varying those statements or recommendations before the Scheme is approved by QTG shareholders;

² As at the date of this announcement, QTG had 196,065,483 ordinary shares on issue.

- no person obtaining a relevant interest in 10% or more of QTG's ordinary shares between the date of this announcement and the second court date (other than GWA or a related body corporate of GWA, or an existing QTG shareholder which is an institutional or portfolio investor);
- change of control waivers or consents obtained for key contracts and finance arrangements;
- the deed of company arrangement in relation to QRSciences Pty Ltd has been effectuated and notice given to ASIC;
- QTG shareholder and court approvals for the Scheme; and
- any regulatory approvals.

The SIA attached in Appendix 1 to this announcement contains full details of these conditions in clause 3.1. QTG has also agreed to customary obligations that limit QTG's ability to engage with third parties on a competing proposal, although these obligations (apart from the no shop) are subject to fiduciary duty exceptions. QTG has also agreed to grant GWA a matching right in certain circumstances where a competing proposal is received by QTG. A break fee of 1% of the transaction value is payable by both QTG and GWA in certain circumstances.

Standstill Arrangement

GWA and QTG are also parties to a Confidentiality Agreement dated 26 April 2012 (Confidentiality Agreement), pursuant to which they have agreed, amongst other things, that until 26 October 2012, GWA will not acquire any QTG shares. The standstill arrangement in the Confidentiality Agreement is subject to a number of exceptions that permit any acquisitions:

- where QTG has given its written consent;
- which occur as part of the implementation of a transaction on terms which are agreed and recommended by the Board of QTG to its shareholders; or
- where there is a competing proposal for a change of control of QTG not involving GWA or its related bodies corporate.

About QTG

QTG is an ASX listed entity with:

- an approximate revenue of \$50 million;
- approximately 200 employees; and
- an approximate market capitalisation of \$4 million (as at 13 June 2012, being the last day of trading before the Scheme was announced). It comprises two operating businesses, being Q Video Systems and API Locksmiths.

The Q Video Systems business is an importer and wholesale distributor of security surveillance, monitoring equipment and alarms. API Locksmiths is a supplier of safes, locks, alarms and locksmithing services. The core business of API Locksmiths is the provision of locksmithing services. API Locksmiths has a national network of offices, and contracts with major commercial enterprises including banks, casino and building management companies.

Key Metrics of the Scheme

The Scheme Consideration of 3.8 cents per share represents:

- a premium of 100% to the ASX closing share price of 1.90 cents on 13 June 2012, being the last trading day before the Scheme was announced;
- a premium of 130% to the VWAP of 1.65 cents in the one month up to and including 13 June 2012; and
- a premium of 78% to the VWAP of 2.14 cents in the three months up to and including 13 June 2012.

GWA's Managing Director Comments

GWA Managing Director Peter Crowley said, "The proposed acquisition of QTG, including the businesses operated by its subsidiaries, Q Video Systems and API Locksmiths, provides access to new markets and logical product extensions to our Door & Access Systems Division.

QTG has a successful management team, high quality products and a strong position across the markets in which it operates. The operating businesses have not been able to achieve their potential in recent years under the burden of excessive debt and we expect the inclusion of QTG in the GWA Door & Access Systems Division will provide the business a strong platform for growth. These businesses will further strengthen GWA's market offer in residential and commercial access systems and provide a service capability to complement our product offerings."

Next Steps

A scheme booklet is expected to be mailed to QTG shareholders around mid August 2012 containing full details of the Scheme. The scheme booklet will include, among other things, the reasons for the QTG Board's unanimous recommendation that shareholders vote in favour of the Scheme (in the absence of a superior proposal, and provided that the independent expert concludes that the Scheme is in the best interests of QTG shareholders), and a copy of the independent expert's report. The Scheme is expected to be implemented in early October 2012.

An indicative transaction timetable is outlined below:

Event	Anticipated Timing
Lodgement of draft Scheme Booklet with ASIC	12 July 2012
First Court Date	3 August 2012
Mailing of Scheme Booklet	13 August 2012
Scheme Meeting	12 September 2012
Second Court Date	14 September 2012
Effective Date	17 September 2012
Record Date	24 September 2012
Implementation Date	2 October 2012

Note: All dates shown are indicative and subject to change.

Other Items

QTG shareholders should consult their stockbroker, accountant, tax, financial or other professional adviser if they are uncertain about the impact of the Scheme on their particular investment objectives. QTG will inform the market of any material developments at the appropriate time.

An investor presentation has been prepared for the transaction. The presentation has been placed on both QTG's and GWA's websites. QTG's website address is www.qtechnologygroup.com.au and GWA's website address is www.gwagroup.com.au

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Appendix 1 - Scheme Implementation Agreement