

Quantum Health Group Limited (Formerly Quantum Energy Limited) and
Controlled Entities
ABN: 19 003 677 245

Appendix 4E

Preliminary Final Report

Financial Year ended 30 June 2019

This information is provided under listing rule 4.3A for the year ended 30 June 2019 and includes comparative information for the year ended 30 June 2018.

Results for Announcement to the market

	Year ended 30 June 2019 \$	Year ended 30 June 2018 \$	Amount Change \$	% change
Revenue from ordinary activities	59,429,183	66,993,194	(7,564,011)	-11%
Profit for the period attributed to members	1,904,974	3,126,901	(1,221,927)	-39%
No dividends have been paid, declared or recommended by the Company during the year ended 30 June 2019.				

Net tangible assets per security

	As at 30 June 2019 cents	As at 30 June 2018 cents
Net tangible assets per ordinary share (excluding shares to be issued)	0.99	0.72



Quantum Health Group Limited
(Formerly Quantum Energy Limited)

And its controlled entities

A.B.N. 19 003 677 245

APPENDIX 4E

PRELIMINARY FINAL REPORT

YEAR ENDED 30 JUNE 2019

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Quantum Health Group Limited (Formerly Quantum Energy Limited)

APPENDIX 4E Preliminary Final Report

Review of Operations

Quantum Health Group Limited (Formerly Quantum Energy Limited) (Quantum), is a leading distributor and service provider of high technology medical equipment in Australasia. Quantum also manufacture energy-efficient water sterilisation systems for use hospital and aged care internationally. Quantum has subsidiaries operating in Australia, New Zealand, Korea, Thailand and China representing leading global manufacturers such as Philips, Samsung, IBA and Accuray specialising in Radiology, Oncology, Nuclear Medicine, Women's Healthcare and Medical IT markets.

The Board of Directors are pleased to advise that Quantum Health Group Limited (Formerly Quantum Energy Limited) has delivered a trading result consistent with our expectations for the year ended 30th June 2019 as follows:

Year	2019	2018
	\$'000	\$'000
Revenue	59,429	66,993
EBITDA	4,017	7,182
Impairment and re-structure costs	1,185	1,489
Normalised EBITDA	5,202	8,671

Quantum's health division trading results have improved in most regions. We did, however, experience a significant decline in our Quantum Healthcare Korea business related to seasonal timing of orders and installations of high-value medical equipment. Quantum has made further investments in its international healthcare operations building on our foundation for further expansion into the Asian healthcare market. Quantum has invested in the expansion of our Healthcare business into Vietnam in 2019, this resulted in a one-time business establishment cost in preparation for market entry in the region.

Quantum has discontinued its distribution arrangement with Tasman Sinkware for renewable energy products and commenced distributing the products directly to approved merchants, thus deleting a cost layer. We have closed our direct Suzhou manufacturing facility during 2019 and this restructure has resulted in one-time impairment costs in these 2019 results. This change in Quantum's operations has allowed us to further focus on the expansion of our healthcare division and the transformation of the existing energy-related business to healthcare focussed energy products.

Financial position

The net assets of the consolidated group have increased to \$34,094,080 as at 30 June 2019. The Directors believe that the group is in a strong and stable financial position to expand and grow its current operations.

General

There were no significant changes in the nature of the group's principal activities.

EPS and Diluted EPS

The gain per share for the current financial year was 0.17 cents as compared with a gain per share of 0.30 cents in the previous corresponding period. The diluted gain per share was 0.17 cents as compared with a gain per share of 0.30 cents in the previous corresponding period.

Factors which are likely to affect results in the future

The Company is unaware of any factors which are likely to affect results in the future.

Audited Accounts

This report is based upon accounts that are in the process of being audited.



John Walstab
CEO/Managing Director
30st August 2019

Quantum Health Group Limited (Formerly Quantum Energy Limited)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$ 000	2018 \$ 000
Continuing operations			
Revenue from contracts with customers	2	57,955	65,349
Other income	2	1,474	1,644
Cost of sales		(35,044)	(35,066)
Employee benefits expense		(11,171)	(11,986)
Depreciation and amortisation expense – non-manufacturing		(628)	(501)
Advertising and promotion expenses		(704)	(657)
Finance costs	3	(1,092)	(1,371)
Legal fees		(75)	(84)
Research and development expenditure		(145)	(224)
Travel expenses		(1,034)	(1,377)
Motor vehicle expenses		(395)	(475)
Warranty expenses		(487)	(538)
Telephones & internet		(103)	(155)
Consultants		(725)	(623)
Freight & delivery expenses		(144)	(233)
Occupancy (rent) expenses		(912)	(957)
Insurance		(292)	(295)
Foreign exchange gain		45	103
Fair value gain/(loss) on financial assets		(22)	48
Provision for obsolete stock		54	(3,192)
Other expenses		(3,945)	(3,792)
Profit from continuing operations before income tax		2,610	5,618
Income tax (expense) credit		197	(1,031)
Net profit after tax		2,807	4,587
Other comprehensive income			
Items that may be reclassified to profit or loss;			
Translation of foreign subsidiaries		719	592
Actuarial gain / (loss)		29	(147)
Total comprehensive income for the year		3,555	5,032
Profit for the year is attributable to:			
Non-controlling interests		902	1,460
Owners of the parent		1,905	3,127
		2,807	4,587
Total comprehensive income for the year is attributable to:			
Non-controlling interests		1,329	1,624
Owners of the parent		2,226	3,408
		3,555	5,032
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company			
Basic earnings per share (cents per share)	4	0.17	0.30
Diluted earnings per share (cents per share)	4	0.17	0.30

The above Statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Quantum Health Group Limited (Formerly Quantum Energy Limited)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	Consolidated Group	
		2019 \$ 000	2018 \$ 000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	4,327	5,424
Trade and other receivables		10,646	11,822
Inventories		9,147	12,684
Financial assets		661	497
Other current assets		3,708	4,022
TOTAL CURRENT ASSETS		28,489	34,449
NON-CURRENT ASSETS			
Property, plant and equipment		1,570	1,548
Investment property		2,444	2,444
Deferred tax assets		3,212	2,632
Intangible assets	8	19,983	20,127
Financial assets		5,093	8,272
Other		570	777
TOTAL NON-CURRENT ASSETS		32,872	35,800
TOTAL ASSETS		61,361	70,249
CURRENT LIABILITIES			
Trade and other payables		8,952	17,481
Contract liabilities		1,836	1,715
Borrowings		11,483	8,922
Current tax liabilities		403	1,561
Short term provisions		1,802	1,679
TOTAL CURRENT LIABILITIES		24,476	31,358
NON-CURRENT LIABILITIES			
Trade and other payables		-	632
Contract liabilities		178	102
Borrowings		1,570	5,888
Employee benefits		87	198
Defined benefit plans		956	1,532
TOTAL NON-CURRENT LIABILITIES		2,791	8,352
TOTAL LIABILITIES		27,267	39,710
NET ASSETS		34,094	30,539
EQUITY			
Issued Capital	6	86,429	86,429
Reserves		1,908	1,587
Retained Earnings (accumulated losses)		(58,286)	(60,191)
Equity attributable to owners of Quantum Health Group Limited		30,051	27,825
Non-controlling interests		4,043	2,714
TOTAL EQUITY		34,094	30,539

The above Statement of financial position should be read in conjunction with the accompanying notes.

Quantum Health Group Limited (Formerly Quantum Energy Limited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Ordinary Share Capital	Shares to be issued	Undistributable Profits Reserve	Exchange Translation Reserve	Actuarial Gain Reserve	Other Reserves	Retained Profits (Losses)	Total	Attributable to non- controlling interests	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Consolidated										
Balance at 1 July 2017	83,789	-	504	649	153	-	(61,460)	23,635	1,872	25,507
Profit for the year	-	-	-	-	-	-	3,127	3,127	1,460	4,587
Other comprehensive income for the year	-	-	-	428	(147)	-	-	281	164	445
Shares Issued / to be issued	1,440	1,200	-	-	-	(1,858)	-	782	(782)	-
Transfer of Reserves	-	-	-	-	-	1,858	(1,858)	-	-	-
Balance at 30 June 2018	85,229	1,200	504	1,077	6	0	(60,191)	27,825	2,714	30,539
Balance at 1 July 2018	85,229	1,200	504	1,077	6	-	(60,191)	27,825	2,714	30,539
Profit for the year	-	-	-	-	-	-	1,905	1,905	902	2,807
Other comprehensive income for the year	-	-	-	298	23	-	-	321	427	748
Shares Issued	480	(480)	-	-	-	-	-	-	-	-
Balance at 30 June 2019	85,709	720	504	1,375	29	-	(58,286)	30,051	4,043	34,094

Quantum Health Group Limited (Formerly Quantum Energy Limited)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$ 000	2018 \$ 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		61,536	75,489
Payments to suppliers and employees		(58,591)	(63,836)
Interest received		12	-
Finance costs		(427)	(597)
Income tax paid		(1,293)	(1,306)
Net cash provided by operating activities		<u>1,237</u>	<u>9,750</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	682
Purchase of property, plant and equipment		(489)	(874)
Dividends received from unrelated entity		14	-
Payments for acquisition of investment - QHC Thailand and QHC Korea		(1,603)	(1,649)
Payments for financial assets		(978)	(2,909)
Proceeds from sale of financial assets		1,902	1,536
Net cash used in investing activities		<u>(1,154)</u>	<u>(3,214)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1,180)	(1,576)
Net cash used in financing activities		<u>(1,180)</u>	<u>(1,576)</u>
Net increase/(decrease) in cash held		(1,097)	4,960
Cash at beginning of period		<u>5,424</u>	<u>464</u>
Cash at end of period	5	<u><u>4,327</u></u>	<u><u>5,424</u></u>

The accompanying notes form part of these financial statements

Quantum Health Group Limited (Formerly Quantum Energy Limited)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies have been consistently applied by the consolidated entity and are consistent with those applied in the 30 June 2018 annual financial report, other than as noted below.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has applied all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The main new Accounting Standards and Interpretations that became effective during the current reporting period are as follows:

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018 which replaces AASB 139 Financial Instruments: Recognition and Measurement. The standard introduced new classification and measurement models for financial assets.

The Group's financial instruments include cash and cash equivalents, shares in listed companies, trade and other receivables, loans to related parties and trade and other payables. The Group does not apply hedge accounting. On initial application of AASB 9, the Group determined that its financial assets and liabilities continue to be measured at amortised cost and the Group has applied the simplified approach to measuring expected credit losses of its trade and other receivables. The adoption of AASB 9 has not had a significant effect on the Group's accounting policies relating to financial instruments or a material impact on the financial performance or position of the Group. Comparatives were not required to be restated and no differences were required to be recognised to the opening balance of retained earnings at 1 July 2018 as a result of the adoption of AASB 9.

AASB 15 Revenue from Contracts with Customers

From 1 July 2018 the Group has adopted AASB 15 which replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue related Interpretations. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue.

Since 1 July 2018, the Group recognises revenue as follows, which has not changed from prior periods:

Sale of goods:

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 of equipment or when the acceptance form is signed. The company considers that the point of satisfaction of the performance obligation is the point of delivering goods or installation of equipment.

Service Maintenance Revenue:

Revenue from Service maintenance agreements is recognised over time as the services are rendered over the period of service maintenance agreements.

Extended Warranty Revenue

Equipment is often sold with an extended warranty. In this case, the Group determines the relative stand-alone selling price (price at which an entity would sell this service separately) of the services underlying the performance obligation. Revenue from extended warranty is recognised over time over the period of the extended warranty.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Quantum Health Group Limited (Formerly Quantum Energy Limited)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

The adoption of AASB 15 has not had any effect on the financial performance or position of the Group. No adjustment was required to be recognised to the opening balance of retained earnings at 1 July 2018 as a result of the adoption of AASB 15.

Other amending Accounting Standards and interpretations

Several other amending Accounting Standards and Interpretations apply for the first time for the reporting period commencing 1 July 2018. These other amending Accounting Standards and Interpretations did not result in any adjustments to the amounts recognised or disclosures in the financial report.

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period. The Directors' assessment of the impact of these new standards and interpretations (to the extent relevant to the Group) is set out below.

Australian Accounting Standard AASB 16: Leases will apply to the Group for the first time for the year ending 30 June 2020. This Standard will change how the Group accounts for its current operating leases. All such leases (other than leases with lease terms for 1 year or less and leases of low value items, i.e. for around \$10,000 or less) will be brought onto the Balance Sheet by the recognition of a "Right-of-Use" asset, together with a liability for the present value of the lease payments for the life of the lease.

The future recognition of lease expenses will change, with more expenses recognised in the early periods of a lease, and less in later periods, as there will be a change from the straight-line expense currently recognised to front-ended finance charges. There will also be a change in lease expense classification from recognising operating expenses to recognising financing costs and amortisation.

The Group is reviewing all of its leasing arrangements in light of the new lease accounting rules in AASB 16.

The Group has not calculated the financial impact of these changes at 30 June 2019. The Directors anticipate that the impact of AASB 16 will be determined prior to the release of the Group's interim financial statements for the half year ending 31 December 2019.

There are no other Standards that have been issued that are not yet effective and that are expected to have a material impact on financial reports of the Group in the current or future reporting periods.

NOTE 2: REVENUE AND OTHER INCOME

	2019	2018
	\$000	\$000
Revenue from contracts with customers		
Sale of goods	43,477	50,979
Services revenue	14,478	14,370
	57,955	65,349
Other Income		
Interest receivable – other entities	12	4
Interest receivable – related parties	301	304
Dividend from unrelated parties	14	10
Other revenue	1,147	1,326
	1,474	1,644
Total Revenue and Other Income	59,429	66,993

Quantum Health Group Limited (Formerly Quantum Energy Limited)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

NOTE 3: PROFIT FOR THE YEAR

Profit for the year includes the following expenses:

Expenses

Finance costs		
- External	470	600
- Related parties	622	771
Total finance costs	1,092	1,371

NOTE 4: EARNINGS PER SHARE

Net profit

Earnings used to calculate basic EPS	1,905	3,127
Earnings used to calculate diluted EPS	1,905	3,127

	No.	No.
(a) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	1,093,308,291	1,033,308,291
(b) Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	1,128,308,291	1,045,808,291

NOTE 5: CASH AND CASH EQUIVALENTS

	2019 \$000	2018 \$000
Cash as shown in the Consolidated Statement of Financial Position is reconciled to cash at the end of the financial year shown in the Consolidated Statement of Cash Flows		
Cash at bank and in hand	4,327	5,424
Bank overdraft	-	-
	4,327	5,424

NOTE 6: ISSUED CAPITAL AND SHARES TO BE ISSUED

	2019 No.	2018 No.	2019 \$000	2018 \$000
CURRENT				
Fully paid ordinary shares	1,098,308,291	1,078,308,291	86,429	86,429
Movements:				
At the beginning of the year	1,128,308,291	1,018,308,291	86,429	83,789
Share issued	20,000,000	60,000,000	480	1,440
Shares to be issued	(20,000,000)	50,000,000	(480)	1,200
At the end of the year	1,128,308,291	1,128,308,291	86,429	86,429

Quantum Health Group Limited (Formerly Quantum Energy Limited)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

NOTE 7: SEGMENT REPORTING

	Environmental Services		Medical		Unallocated		Elimination		Consolidated-Continuing Operations	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Total revenue - Australia	2,829	9,281	12,704	14,968	302	304	463	(1)	16,298	24,552
Total revenue- China	1,663	6,597	-	-	51	4	(1,670)	(6,438)	44	163
Total revenue - Thailand	-	-	15,734	10,232	-	-	-	-	15,734	10,232
Total revenue - Korea	-	-	27,353	32,046	-	-	-	-	27,353	32,046
Total revenue	4,492	15,878	55,791	57,246	353	308	(1,207)	(6,439)	59,429	66,993
Profit/(Loss) after income tax - Australia	(847)	(1,107)	3,302	3,698	(624)	(723)	(789)	1,707	1,042	3,575
Profit/(Loss) after income tax - China	(1,840)	(2,065)	-	-	(26)	(74)	416	(1,489)	(1,450)	(3,628)
Profit/(Loss) after income tax - Thailand	-	-	2,533	1,746	-	-	-	-	2,533	1,746
Profit/(Loss) after income tax - Korea	-	-	681	4,853	-	-	-	(1,959)	681	2,894
Total profit / (loss) after income tax	(2,687)	(3,172)	6,516	10,297	(650)	(797)	(372)	(1,741)	2,807	4,587
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Segment assets - Australia	1,411	2,090	33,494	36,731	11,037	(2,384)	(13,759)	(4,399)	32,183	32,038
Segment assets - China	(20)	1,789	-	-	-	-	-	-	(20)	1,789
Segment assets - Thailand	-	-	11,173	7,314	-	-	-	-	11,173	7,314
Segment assets - Korea	-	-	18,025	29,108	-	-	-	-	18,025	29,108
Total segment assets	1,391	3,879	62,692	73,153	11,037	(2,384)	(13,759)	(4,399)	61,361	70,249
Segment liabilities - Australia	823	7,973	5,256	5,101	12,283	13,743	(4,996)	(11,898)	13,366	14,919
Segment liabilities - China	680	1,459	-	-	-	-	-	-	680	1,459
Segment liabilities - Thailand	-	-	2,988	1,993	-	-	-	-	2,988	1,993
Segment liabilities - Korea	-	-	10,233	21,339	-	-	-	-	10,233	21,339
Total segment liabilities	1,503	9,432	18,477	28,433	12,283	13,743	(4,996)	(11,898)	27,267	39,710

Quantum Health Group Limited (Formerly Quantum Energy Limited)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

NOTE 8: GOODWILL

	2019	2018
	\$000	\$000
Goodwill is attributed to the following businesses:		
Medical:		
- Insight Oceania Pty Ltd	11,811	11,811
- Quantum Healthcare Korea Co., Ltd.	5,102	5,102
- Quantum Healthcare Thailand Co., Ltd.	2,231	2,231
- Hunex Korea Co., Ltd.	839	839
	19,983	19,983
Environmental Services:		
- Quantum Energy Technologies Pty Ltd	-	144
	19,983	20,127

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