

Quantum Health Group Limited  
(Formerly Quantum Energy Limited)

Interim Financial Report

Appendix 4D

Half-Year Report

Period ended 31 December 2018

This information is provided under listing rule 4.2A.3 for the half-year ended 31 December 2018 and includes comparative information for the half-year ended 31 December 2017.

**Results for Announcement to the market**

	Half-year ended 31 December 2018 \$	Half-year ended 31 December 2017 \$	Amount change \$	% change
Revenue from ordinary activities	32,951,380	30,112,076	2,839,304	9%
Profit (Loss) for the period attributable to members	543,651	270,070	273,581	101%

No dividends have been paid, declared or recommended by the Company during the half-year ended 31 December 2018.

**Net tangible assets per security**

	As at 31 December 2018 cents	As at 30 June 2018 cents
Net tangible assets per ordinary share	0.92	0.72

**Change of name**

The name of the company was changed on 11<sup>th</sup> December 2018 from Quantum Energy Limited to Quantum Health Group Limited.

**Control gained over entities**

Name of the entity: Quantum Holdings Co., Ltd  
Date control gained: 28 September 2018

**Review report**

This report is based on accounts which have been reviewed by HLB Mann Judd.



**Quantum Health Group Limited**  
**(Formerly Quantum Energy Limited)**  
A.B.N. 19 003 677 245

**And its controlled entities**

**Half-Year Report**  
**31 December 2018**

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

Interim Financial Report

**DIRECTORS' REPORT**

Your directors submit the financial report for the half-year ended 31 December 2018 of the consolidated group consisting of Quantum Health Group Limited and the entities it controlled during or at the end of the period.

**Directors**

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

Drew Townsend, Chairman  
John Walstab, Managing Director  
Alan McCarthy, Non-executive Director

**Review of Operations**

Quantum's Health Division provides specialised sales, service and clinical support for high-end medical imaging, oncology and women's healthcare products in Asia and Oceania region. Quantum expects continued expansion and growth within the Health Group and will continue to seek new partnership opportunities in healthcare throughout Asia.

The Environmental Services division is undergoing further restructuring resulting in losses for this period. A relocation of the manufacturing facilities in China and a shift in focus to health related energy products will improve this division's performance moving forward.

Quantum Health Group delivered strong growth over the comparable prior half year period as follows:

	31 Dec 2018	31 Dec 2017	Variation
	\$ 000	\$ 000	
Group Revenue	32,951	30,112	+9.4%
Group EBITDA	2,728	2,148	+27.0%
Health Division EBITDA (excluding Environmental Division)	3,859	2,934	+31.5%

**Rounding of Amounts**

The consolidated group is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial report. Certain amounts in the financial report and the directors' report have been rounded to the nearest \$1,000 in accordance with that instrument.

**Auditor's Declaration**

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2018 is set out on page 2.

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



Director     Drew Townsend

Dated:       28 February 2019

### Auditor's Independence Declaration – Review

As lead auditor for the review of the consolidated financial report of Quantum Health Group Limited (formerly Quantum Energy Limited) for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Quantum Health Group Limited and the entities it controlled during the period.



Sydney, NSW  
28 February 2019

**D K Swindells**  
Partner

**hlb.com.au**

**HLB Mann Judd (NSW Partnership) ABN 34 482 821 289**

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

Interim Financial Report

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Notes	31/12/2018 \$ 000	31/12/2017 \$ 000
Revenue from continuing activities	4	32,951	30,112
Cost of Sales		(20,981)	(17,762)
Employee benefits expense		(4,925)	(5,379)
Depreciation and amortisation expense – non-manufacturing		(326)	(210)
Advertising and promotion expenses		(332)	(277)
Finance costs		(581)	(612)
Research and development expenditure		(80)	(130)
Travel expenses		(553)	(704)
Motor vehicle expenses		(205)	(245)
Telephones & internet		(52)	(89)
Occupancy (rent) expenses		(462)	(496)
Insurance		(143)	(161)
Foreign exchange gain/(loss)		(53)	(60)
Profit / (loss) on disposal of Renewable Energy Certificates		5	(7)
Fair value gain/(loss) on financial assets		(90)	92
Other expenses		(2,206)	(2,594)
<b>Profit from Continuing Operations before income tax</b>		<b>1,967</b>	<b>1,478</b>
Income tax (expense) credit		(282)	(565)
<b>Net profit from Continuing Operations</b>		<b>1,685</b>	<b>913</b>
<b>Loss from Discontinued Operations</b>		<b>-</b>	<b>(1)</b>
<b>Net profit after tax</b>		<b>1,685</b>	<b>912</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss			
Translation of foreign subsidiaries		545	180
<b>Total comprehensive income/(loss) for the year</b>		<b>2,230</b>	<b>1,092</b>
<b>Profit/(loss) for the period is attributable to:</b>			
Non-controlling interests		1,141	642
Owners of the parent		544	270
		<b>1,685</b>	<b>912</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Non-controlling interests		1,359	695
Owners of the parent		871	397
		<b>2,230</b>	<b>1,092</b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company</b>			
Basic earnings per share (cents per share)		0.05	0.03
Diluted earnings per share (cents per share)		0.05	0.03
<b>Earnings per share for profit attributable to the ordinary equity holders of the company</b>			
Basic earnings per share (cents per share)		0.05	0.03
Diluted earnings per share (cents per share)		0.05	0.03

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

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

Interim Financial Report

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

	Notes	Consolidated	
		31/12/2018	30/06/2018
		\$ 000	\$ 000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		5,868	5,424
Trade and other receivables		11,824	11,822
Inventories		8,589	12,684
Financial assets		983	497
Other current assets		5,045	4,022
<b>TOTAL CURRENT ASSETS</b>		<b>32,309</b>	<b>34,449</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,833	1,548
Investment property		2,444	2,444
Deferred tax assets		2,529	2,632
Intangible assets		20,127	20,127
Financial assets		4,805	8,272
Other		643	777
<b>TOTAL NON-CURRENT ASSETS</b>		<b>32,381</b>	<b>35,800</b>
<b>TOTAL ASSETS</b>		<b>64,690</b>	<b>70,249</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		13,518	19,298
Borrowings		12,210	8,922
Current tax liabilities		787	1,561
Short term provisions		1,719	1,679
<b>TOTAL CURRENT LIABILITIES</b>		<b>28,234</b>	<b>31,460</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables		-	632
Borrowings		2,031	5,888
Employee benefits		101	198
Defined benefit plans		1,555	1,532
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,687</b>	<b>8,250</b>
<b>TOTAL LIABILITIES</b>		<b>31,921</b>	<b>39,710</b>
<b>NET ASSETS</b>		<b>32,769</b>	<b>30,539</b>
<b>EQUITY</b>			
Issued capital	5	86,429	86,429
Reserves		1,914	1,587
Retained earnings (accumulated losses)		(59,647)	(60,191)
Equity attributable to owners of Quantum Health Group Limited		<b>28,696</b>	<b>27,825</b>
Non-controlling interests		4,073	2,714
<b>TOTAL EQUITY</b>		<b>32,769</b>	<b>30,539</b>

The above balance sheet should be read in conjunction with the accompanying notes to the financial statements.

Quantum Health Group Limited and Controlled Entities  
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Interim Financial Report

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Ordinary Share Capital	Shares to be issued	Undistributable Profits Reserve	Exchange Translation Reserve	Actuarial Gain Reserve	Retained Profits (Losses)	Total	Attributable to non- controlling interests	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
<b>Consolidated</b>									
Balance at 1 July 2017	83,789	-	504	649	153	(61,460)	23,635	1,872	25,507
Profit for the period	-	-	-	-	-	270	270	642	912
Other comprehensive income for the period	-	-	-	127	-	-	127	53	180
Balance at 31 December 2017	83,789	-	504	776	153	(61,190)	24,032	2,567	26,599
Balance at 1 July 2018	85,229	1,200	504	1,077	6	(60,191)	27,825	2,714	30,539
Profit for the period	-	-	-	-	-	544	544	1,141	1,685
Other comprehensive income for the year	-	-	-	327	-	-	327	218	545
Shares Issued	480	(480)	-	-	-	-	-	-	-
Balance at 31 December 2018	85,709	720	504	1,404	6	(59,647)	28,696	4,073	32,769

The above statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

Quantum Health Group Limited and Controlled Entities  
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**CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	31/12/2018 \$ 000	31/12/2017 \$ 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	35,899	39,297
Payments to suppliers and employees	(33,824)	(37,133)
Finance costs	(263)	(378)
Income tax paid	(791)	(802)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	1,021	984
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(350)	(90)
Payments for acquisition of investment - QHC Thailand and QHC Korea	(1,043)	(410)
Payments for financial assets	(1,172)	(430)
Proceeds from sale of financial assets	1,903	1,279
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	(662)	349
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(9)	(15)
Advances / (Repayment) of borrowings	94	1,947
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	85	1,932
	<hr/>	<hr/>
Net increase/(decrease) in cash held	444	3,265
Cash at beginning of period	5,424	464
Cash at end of period	<hr/> <hr/>	<hr/> <hr/>

The above statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.



Interim Financial Report

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

**NOTE 1: BASIS OF PREPARATION**

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by Quantum Health Group Limited ("the Company") and its controlled entities (collectively "the Group") during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

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

***Reporting Basis and Conventions***

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected current assets, non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

***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 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.

Interim Financial Report

**NOTE 1: BASIS OF PREPARATION (Continued)**

*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.

*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 interim financial report.

Certain new accounting standards and interpretations have been published that are not mandatory for the half-year reporting period. The Director's 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 31 December 2018. The Directors anticipate that the impact of AASB 16 will be determined prior to the release of the Group's financial statements for the year ending 30 June 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: DIVIDENDS**

No amounts have been paid, declared or recommended by the Company by way of dividend since the commencement of the financial period (2018: Nil).

Quantum Health Group Limited and Controlled Entities  
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**NOTE 3: SEGMENT REPORTING**

	Environmental Services		Medical		Unallocated		Elimination		Consolidated	
	31 Dec 2018 \$ 000	31 Dec 2017 \$ 000	31 Dec 2018 \$ 000	31 Dec 2017 \$ 000	31 Dec 2018 \$ 000	31 Dec 2017 \$ 000	31 Dec 2018 \$ 000	31 Dec 2017 \$ 000	31 Dec 2018 \$ 000	31 Dec 2017 \$ 000
Total revenue - Australia	2,112	6,063	6,320	7,955	625	152	(1,129)	(3,987)	7,928	10,183
Total revenue- China	1,173	4,071	-	-	-	4	-	-	1,173	4,075
Total revenue - Thailand	-	-	8,657	5,907	-	-	-	-	8,657	5,907
Total revenue - Korea	-	-	15,193	9,947	-	-	-	-	15,193	9,947
Total revenue	3,285	10,134	30,170	23,809	625	156	(1,129)	(3,987)	32,951	30,112
Profit/(Loss) after income tax - Australia	(223)	(258)	1,423	1,051	170	(359)	(160)	(91)	1,209	343
Profit/(Loss) after income tax - China	(989)	(186)	-	-	(178)	-	-	-	(1,167)	(186)
Profit/(Loss) after income tax - Thailand	-	-	2,203	1,209	-	-	-	-	2,203	1,209
Profit/(Loss) after income tax - Korea	-	-	(560)	(454)	-	-	-	-	(560)	(454)
Total profit / (loss) after income tax	(1,212)	(444)	3,066	1,806	(8)	(359)	(480)	(91)	1,685	912
	31 Dec 2018 \$ 000	30 June 2018 \$ 000	31 Dec 2018 \$ 000	30 June 2018 \$ 000	31 Dec 2018 \$ 000	30 June 2018 \$ 000	31 Dec 2018 \$ 000	30 June 2018 \$ 000	31 Dec 2018 \$ 000	30 June 2018 \$ 000
Segment assets - Australia	2,039	2,090	35,106	36,731	9,841	(2,384)	(12,092)	(4,399)	34,894	32,038
Segment assets - China	1,007	1,789	-	-	-	-	-	-	1,007	1,789
Segment assets - Thailand	-	-	11,516	7,314	-	-	-	-	11,516	7,314
Segment assets - Korea	-	-	17,273	29,108	-	-	-	-	17,273	29,108
Total segment assets	3,046	3,879	63,895	73,153	9,841	(2,384)	(12,092)	(4,399)	64,690	70,249
Segment liabilities - Australia	7,852	7,973	6,237	5,101	12,019	13,743	(10,715)	(11,898)	15,393	14,919
Segment liabilities - China	1,203	1,459	-	-	-	-	-	-	1,203	1,459
Segment liabilities - Thailand	-	-	3,951	1,993	-	-	-	-	3,951	1,993
Segment liabilities - Korea	-	-	11,374	21,339	-	-	-	-	11,374	21,339
Total segment liabilities	9,055	9,432	21,562	28,433	12,019	13,743	(10,715)	(11,898)	31,921	39,710

Quantum Health Group Limited and Controlled Entities  
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Interim Financial Report

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

**NOTE 3: SEGMENT INFORMATION (continued)**

The entity operates in two business segments, being the manufacturing and distribution of energy saving heat pump technology, hot water and heat/cooling systems, and the distribution of high-end medical products.

**NOTE 4: REVENUE**

	<b>Consolidated</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>From continuing operations</b>		
<i>Revenue from contracts with customers</i>		
Sale of goods	24,659	21,803
Rendering of services	7,436	7,253
	<u>32,095</u>	<u>29,056</u>
<i>Other revenue</i>		
Interest income	146	152
Other revenue	710	904
	<u>856</u>	<u>1,056</u>
Revenue from continuing operations	<u><b>32,951</b></u>	<u><b>30,112</b></u>

**NOTE 5: ISSUED CAPITAL**

	<b>31 Dec 2018</b>	<b>30 June 2018</b>	<b>Consolidated</b>	
	<b>No.</b>	<b>No.</b>	<b>31 Dec 2018</b>	<b>30 June 2018</b>
			<b>\$000</b>	<b>\$000</b>
<b>CURRENT</b>				
Fully paid ordinary shares	1,098,308,291	1,078,308,291	86,429	86,429
<b>Movements:</b>				
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	<u>1,128,308,291</u>	<u>1,128,308,291</u>	<u>86,429</u>	<u>86,429</u>

**Issued shares and shares to be issued**

On 5 March 2018 the Group reached agreement with the 20% minority shareholders of Quantum Healthcare Pty Limited ("QHC") to acquire from the minority shareholders the 20% remaining interest in QHC. The acquisition was funded by the issue of 60 million fully paid ordinary Quantum Health Group Limited ("QTM") shares issued at 2.4 cents per share being the QTM closing share price on 4 April 2018.

The minority shareholders have agreed to continue to be engaged with QTM after the acquisition to assist in the operations and management of QHC. To further strengthen the future ongoing commitment and involvement of the minority shareholders in the QHC business, the QHC Acquisition agreement includes the following:

- if QHC achieves EBIT of greater than \$A5 million for the financial year ended 30 June 2018, QTM will issue to the minority shareholders a further 20 million shares at 2.4 cents per share, and
- if QHC achieves an aggregate EBIT of greater than \$A11 million for the 2 year period from 1 July 2017 to 30 June 2019, QTM will on 30 September 2019 issue to the minority shareholders a further 30 million shares at 2.4 cents per share.

As the Group expected to meet these targets, the additional shares to be issued were recognised at acquisition date as "Shares to be issued" as part of the consideration transferred in exchange for the acquisition.

With QHC's EBIT exceeding \$A5 million for the financial year ended 30 June 2018, the group issued 20 million QTM shares on 3 October 2018 to the QHC sellers, in accordance with the QHC Acquisition agreement.

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**NOTE 6: CHANGE IN COMPOSITION OF THE GROUP**

On 28 September 2018, the Group registered a 100% owned subsidiary in Korea: Quantum Holdings Co. Ltd.

**NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE**

It should be noted that within the environmental services division the Suzhou factory has been closed down subsequent to the end of the financial period. The closure will require redundancy payments to staff of approximately \$A400,000.

There are no other matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial periods.

Interim Financial Report

**DIRECTORS' DECLARATION**

In the opinion of the directors,

1. The financial statements and notes, as set out on pages 3 to 11, are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
  - b. giving a true and fair view of the consolidated group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that Quantum Health Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



Director: Drew Townsend  
Dated: 28 February 2019

**Independent Auditor's Review Report To the members of Quantum Health Group Limited  
(formerly Quantum Energy Limited):**

We have reviewed the accompanying half-year financial report of Quantum Health Group Limited ("the company") which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

**Directors' Responsibility for the Half-Year Financial Report**

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

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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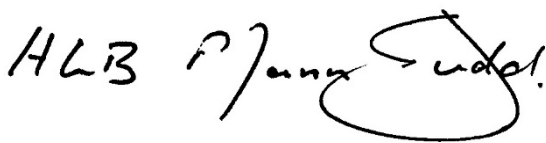
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**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Quantum Health Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**HLB Mann Judd**  
**Chartered Accountants**



**D K Swindells**  
**Partner**

**Sydney, NSW**  
**28 February 2019**