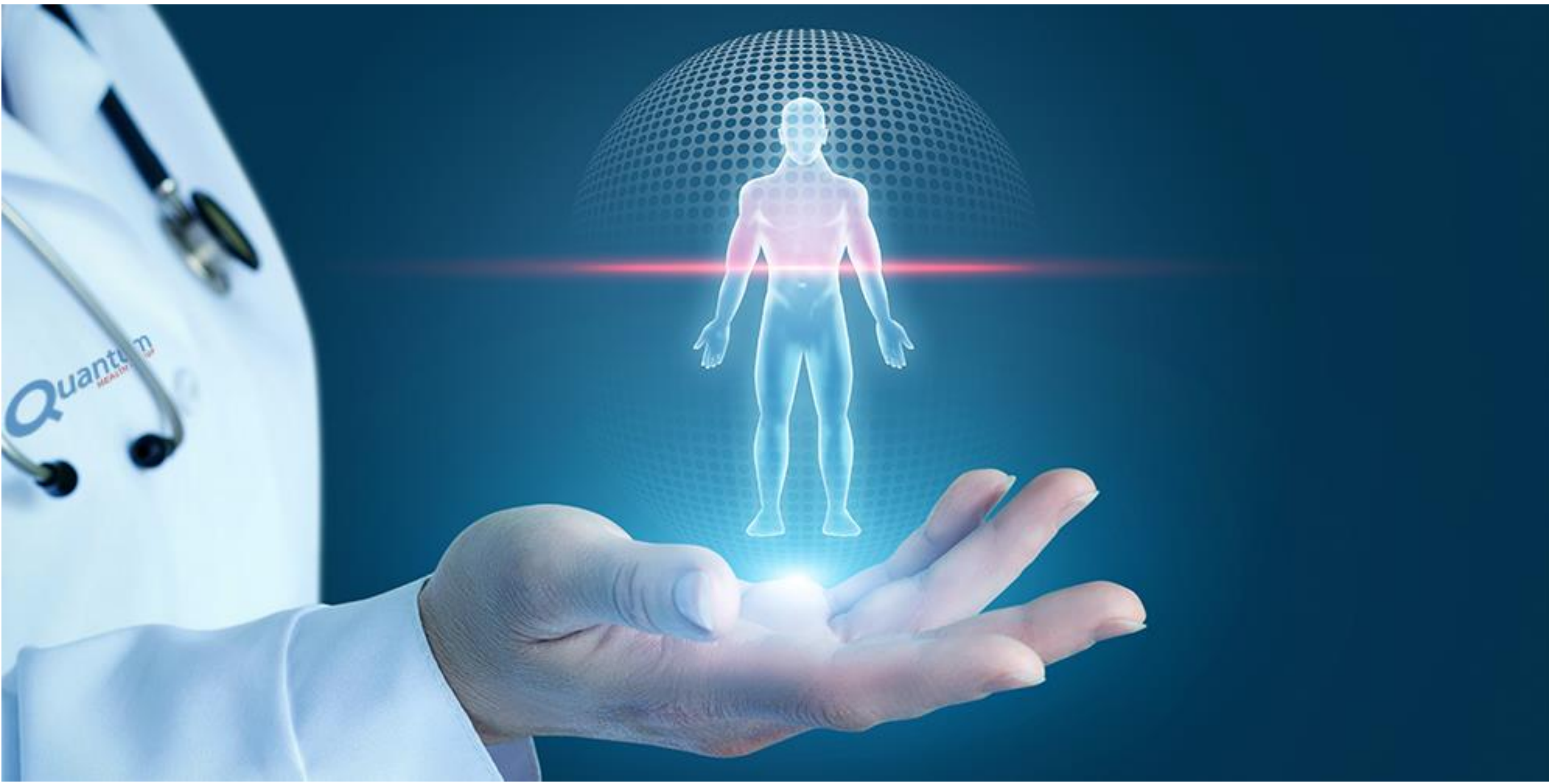
Quantum Health Group Limited
ABN 19 003 677 245

Annual Report
2021



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The Company's Corporate Governance Statement can be found on the company's website
www.qhealthcare.com.au/cg

This financial report was authorised for issue by the Board of Directors on 27 September 2021. The Company has the power to amend and re-issue the financial report.

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report of Quantum Health Group Limited ("the Company") and its controlled entities (together referred to as "the Group" or "Quantum") for the financial year ended 30 June 2021.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

- Mr Drew Townsend, Chairman
- Mr John Walstab, Managing Director
- Mr Alan McCarthy, Non-executive Director
- Ms Stephanie Wen, Non-Executive Director (appointed 27 September 2021)

Directors have been in office since the start of the financial year to the date of this report, unless otherwise stated. The particulars of the qualifications, experience and independence status of each Director as at the date of this report are set out below in this report. Mr Walstab has also been the Company Secretary since the start of the financial year to the date of this report.

Principal Activities

The principal activities of the Group during the financial year continue to be:

Distribution and service of state-of-the-art medical products in the field of radiology, oncology, aesthetics and environmental health throughout Asia.

There were no significant changes in the nature of the Group's principal activities during the financial year.

Operating results

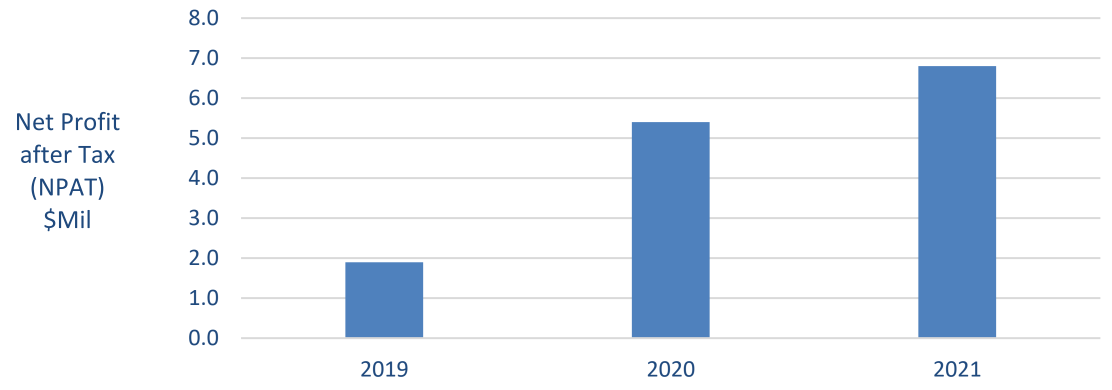
The net profit from continuing operations of the Group attributable to owners of the Group after providing for income tax amounted to $6,821,000 (2020: $5,446,000).

The total comprehensive income of the Group attributable to owners of the Group for the year is $6,058,000 (2020: $5,805,000).

Review of Operations

The Board of Directors are pleased to advise that Quantum Health Group Limited has delivered a strong trading result consistent with our expectations for the year ended 30th June 2021 as follows:

Year	2019 $'000	2020 $'000	**2021 $'000**
Revenue	59,429	59,398	55,671
EBITDA	4,017	9,334	10,744
NPAT	1,905	5,446	6,821



DIRECTORS' REPORT (CONTINUED)

Stronger Cash Position

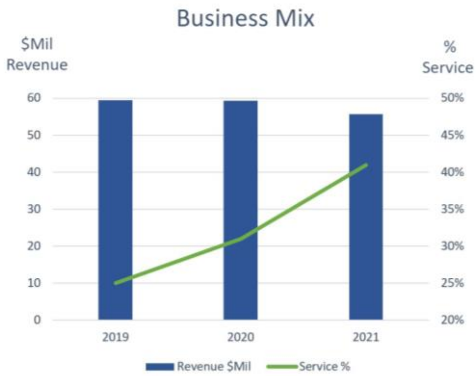
Receipts from customers increased 4.7% to $65.1 million in the year to 30 June 2021 compared to $62.2 million in the corresponding period in 2020.

Quantum's cash balance at the end of the year has increased to $11.9 million. During the year, Quantum has repaid loans to the sum of $1.6 million, thus the total debt of $7.4 million is more than offset by Quantum's cash balance at 30 June 2021.

Shift to Higher Margin, Recurring Service Model

Quantum has been actively realigning its business mix to a reoccurring, higher margin service model which has resulted in a small decline in revenues (6%) but significantly increased the operating profits (25%).

During 2020 Quantum acquired the service businesses of Carestream in Australia, New Zealand and Philippines which significantly increases our service install base to over 3,500 systems. This also contributed to the shift to a higher gross margin service contribution.



Financial position

The net assets of the consolidated Group have increased to $47,275,000 as at 30 June 2021 (2020: $40,928,000). The Directors believe that the Group is in a strong and stable financial position to expand and grow its current operations.

Significant changes and state of affairs

Other than those events detailed above, there were no significant changes in the state of affairs of the Group during the year.

COVID-19 Impact

With the sustained growth in our business, Quantum did not qualify for Job-keeper payments. Quantum is exploring new initiatives to seek growth opportunities during these extended market conditions. Our expectation remains that COVID-19 will not materially impact our business.

Events subsequent to balance date

The impact of the COVID-19 pandemic was evident during the year ended 30 June 2021 and is ongoing. The Directors and management are continually monitoring and managing the Group's operations closely in response to COVID-19. The Group continues to achieve budgeted results up to 31 August 2021 and management believes it will continue to do so even though the extent of the impact COVID-19 may have on the Group's future liquidity, financial performance and position and operations is uncertain and cannot be reasonably estimated at the date these financial statements were issued.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years;

(b) the results of those operations in future financial years;

(c) the Group's state of affairs in future financial years.

Future developments, prospects and business strategies

The Group is unaware of any factors which are likely to affect results in the future other than those mentioned in the Review of Operations.

Dividends paid or recommended

No dividends were paid or declared for payment during the financial year or since the end of the financial year.

Environmental Regulation

The Group's operations are not significantly affected by environmental regulations.

DIRECTORS' REPORT (CONTINUED)

Information on the Directors

Drew Townsend

- **Chairman and Non-Executive Director**
- Bachelor of Commerce, Member of Institute of Company Directors and Member of Chartered Accountants Australia and New Zealand.
- Appointed Chairman 2003. Board member since 2003. Over 30 years' experience in Australian and international accounting and finance.
  - Director Medlab Clinical Ltd. [ASX:MDC]
  - Partner and Director Hall Chadwick
- 125,138,380 ordinary shares in Quantum Health Group Limited.

John Walstab

- **Managing Director and Company Secretary**
- Quantum Health Group Limited Board member since 2003. Wide range of experience for more than 36 years building and managing healthcare technology organisations specialising in developing overseas markets.
  - Managing Director and founder InSight Oceania P/L (now Quantum Healthcare Australia P/L)
  - Managing Director Advanced Technology Laboratories P/L (now Philips Healthcare ANZ)
- 514,712,393 ordinary shares in Quantum Health Group Limited.

Alan McCarthy

- **Non-Executive Director**
- B Bus (Accounting), M Com in Marketing and Organisational Behaviour, CPA
- Mr McCarthy's experience spans public health and private health services across Australia, New Zealand and Asia Pacific over more than 29 years, including:
  - Co-Founder at Alpenglow Australia and SRG NZ - diagnostic imaging
  - Managing Director of Philips ANZ and Cardinal Health
  - Vice-President Asia-Pacific at CareFusion
  - GM of Diagnostic Imaging at Mayne Health
- No shares, interest in or options in Quantum Health Group Limited.

Stephanie Wen

- **Non-Executive Director** (appointed 27 September 2021)
- Bachelor of Law (LL.B) and Bachelor of Commerce (B.Com, Accounting) - UNSW
  Master of International Affairs (International Business and Finance) Columbia University.
- Stephanie is an experienced corporate lawyer with broad experience in Asia and Australia including:
  - Cross-border legal advisory
  - Corporate governance and compliance
  - Public and private M&A activity, IPO's and capital raising for ASX listed companies
- No shares, interest in or options in Quantum Health Group Limited.

Any directorships in other ASX listed entities, either current or in the past three years prior to 30 June 2021 are shown above.

DIRECTORS' REPORT (CONTINUED)

Meetings of Directors

During the financial year, 5 meetings of directors and no meeting of committees of directors were held as all matters that might have been addressed by the committee of directors were discussed by Board of Directors. Attendances by each director during the year were as follows:

Board of Directors	**Board Meetings**	
	Number eligible to attend	Attended
Mr Drew Townsend	5	5
Mr John Walstab	5	5
Mr Alan McCarthy	5	5
Ms Stephanie Wen	0	0

Indemnifying Officers or Auditors

During the financial year the Company paid a premium in respect of a contract insuring the directors of the Company against any liability incurred as such by a director or secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has, during the financial year, agreed to indemnify officers of the Group or any related body against a liability incurred by such an officer.

No indemnity has been granted to the auditors of the Group.

Options

At the date of this report, there are no unissued ordinary shares of Quantum Health Group Limited under options. During the year ended 30 June 2021, no ordinary shares of Quantum Health Group Limited were issued on the exercise of options. No options have been granted since year end.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

There were no non-audit services provided during the year to the Group by MNSA and HLB Mann Judd (NSW Partnership) or any related practices or related audit firms.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and a copy can be viewed on page 8 of the Annual Report.

Rounding of Amounts

The Company 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 ("ASIC") relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off in accordance with that ASIC Instrument to the nearest thousand dollars, unless otherwise indicated.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for each director of Quantum Health Group Limited and other key management personnel.

(1) Remuneration philosophy

The performance of Quantum Health Group Limited depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, Quantum Health Group Limited embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre executives;
- link executive rewards to shareholder value;
- establish appropriate, demanding performance hurdles in relation to variable executive remuneration.

While Quantum Health Group Limited does not have a remuneration committee, the Board of directors is responsible for determining and reviewing compensation arrangements for the directors, and the senior management team.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and senior management remuneration is separate and distinct.

Non-executive director remuneration

As all directors of the Company are stakeholders (with the exception of Alan McCarthy and Stephanie Wen), directors' remuneration is not as important as is generally the case. The non-executive directors did not receive remuneration during the current or prior year. Fees charged by Hall Chadwick Chartered Accountants of which Drew Townsend is a Partner for accounting services totalled $NIL during the year (2020: $3,261).

Senior executives and executive director remuneration

Objective

Quantum Health Group Limited aims to reward executives with a level and mix of remuneration which is commensurate with their position, their responsibilities within the Group, their length of service and the overall performance of the Group, and so as to:

- reward executives for Group and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the Group; and
- ensure that total remuneration is competitive by market standards.

Structure

Details of contracts with Directors and senior executives are shown below.

Remuneration for senior managers and the executive director consist of the following key elements:

- fixed remuneration;
- variable remuneration, being short and long term incentives.

Fixed Remuneration

Fixed remuneration is reviewed regularly. Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicle leases. The fixed remuneration component for directors and key management personnel is detailed below.

Variable Remuneration

The objectives of the short and long term incentive plans are:

- to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets; and
- to reward directors and senior executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Incentives

- Short term incentives are delivered in the form of cash bonus rewards, being incentive payments based on key performance indicators such as sales targets.

DIRECTORS' REPORT (CONTINUED)

Company performance, shareholder wealth and director and executive remuneration

The following table shows the performance of the Consolidated Group during the past five financial years:

Fiscal Year	Revenue from continuing operations	NPAT/(NLAT)	Basic EPS	Share price at balance date	Total Equity	NTA per share
	$ 000	$ 000	Cents	Cents	$ 000	$
2017	58,676	(1,709)	(0.17)	0.018	25,507	0.0251
2018	66,993	3,127	0.30	0.016	30,539	0.0072
2019	59,429	1,905	0.17	0.026	34,094	0.0099
2020	59,398	5,446	0.49	0.038	40,928	0.0134
2021	55,671	6,821	0.60	0.053	47,275	0.0191

No dividends have been paid by the Company during the past 5 years.

(2) Employment contracts for director and senior executives

The employment conditions of the Managing Director, Mr. John Walstab, and other specified executives are formalised in contracts of employment. All executives are permanent employees of Quantum Health Group Limited or its controlled entities.

Under the terms of the present employment contracts, which have no fixed term, the executives may resign from their positions and thus terminate their contracts by giving one month's written notice. The Company may terminate these employment agreements by providing one to three month's written notice or by payment in lieu of the notice period based on the executive's fixed component of remuneration. There are no other termination payments included in the contracts. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct, the Company can terminate employment at any time.

Mr. Youngchun Kim (senior executive) is entitled to an annual bonus based on the performance of Quantum Healthcare Korea Co. Ltd, Quantum Hunex Korea Co. Ltd, Quantum Healthcare Thailand Co. Ltd, Quantum Holdings Korea Co. Ltd and Quantum Healthcare Australia Pty Ltd. This bonus is based upon a percentage of accumulated profit after tax of the companies listed above.

(3) Remuneration of Key Management Personnel and Other Executives

The key management personnel of the Group and the specified executives of the Company and the Group are the directors of the Company and the executives as set out in the table below.

		Short-Term Benefits			Post Employment Benefits	Long-term benefits	Total
		Salary/Fees and Commission	Bonus	Termination	Superannuation	Long service leave	
Executive Directors							
J. Walstab	2021	276,045	-	-	26,709	5,107	307,861
	2020	277,119	-	-	26,747	4,428	308,294
Total Executive Directors	2021	276,045	-	-	26,709	5,107	307,861
Total Executive Directors	2020	277,119	-	-	26,747	4,428	308,294
Key Executives							
Y. Kim	2021	302,654	268,963	-	36,886	5,062	613,565
	2020	306,748	283,486	-	29,558	4,388	624,180
Total Key Executives	2021	302,654	268,963	-	36,886	5,062	613,565
Total Key Executives	2020	306,748	283,486	-	29,558	4,388	624,180
Grand Total	2021	578,699	268,963	-	63,595	10,169	921,426
Grand Total	2020	583,867	283,486	-	56,305	8,816	932,474

The positions held by key management personnel are disclosed in Note 5 to the financial statements.

DIRECTORS' REPORT (CONTINUED)

Relative proportion of remuneration linked to performance

	2021	**2020**
Y. Kim	44%	45%
J. Walstab	0%	0%

(4) Changes in Directors and Executives Subsequent to Year End

There has been no change in directors or executives subsequent to year end.

(5) Options and Rights Granted and Exercised

During the financial year ended 30 June 2021 there were no options/rights issued or exercised.

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

John Walstab
Director
27 September 2021

QUANTUM HEALTH GROUP LIMITED
AND CONTROLLED ENTITIES
ABN: 19 003 677 245

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF QUANTUM HEALTH GROUP LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

MNSA Pty Ltd
MNSA Pty Ltd

Mark Schiliro
Director

Sydney
Dated this 27th of September 2021

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QUANTUM HEALTH GROUP LIMITED
AND CONTROLLED ENTITIES
ABN: 19 003 677 245

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTUM HEALTH GROUP LIMITED AND CONTROLLED ENTITIES

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Quantum Health Group Limited (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cashflows 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 Group, is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
(b) 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 Group 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Key Audit Matters	***How Our Audit Addressed the Key Audit Matters***
Revenue recognition Revenue represents a material balance consisting of primarily sales of goods, service maintenance revenue and extended warranty revenue. Different revenue streams are captured through different systems with specific recognition criteria relevant to that type of revenue stream.	We evaluated the appropriateness of revenue recognition policies, completed walkthrough testing of material revenue streams and performed substantive tests of specific transactions. In particular, procedures covering: • the reconciliation of billing systems to the general ledger; • the accuracy and completeness of recording revenue at point in time sales and recognition over time; • reconciliation of cash receipts from customers with the receivable's ledger; and • consideration of COVID-19 impacts to collection of receivables and related provisions.

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Key Audit Matters (Continued)

Key Audit Matters	***How Our Audit Addressed the Key Audit Matters***
Carrying Value of Goodwill The Group had Goodwill of $21,525,000 at 30 June 2021. This Goodwill arose on acquisition of subsidiary companies in prior years. As required by Australian Accounting Standards the Group tested this Goodwill for impairment at 30 June 2021. The group determined the recoverable amount using value in use calculations for the relevant cash generating units ('CGU'), which involved a significant level of judgment in respect of factors such as: • estimated future revenue and costs; • discount rates; and • terminal values. We considered this to be a key audit matter due to the significant judgements involved in estimating the recoverable amount of the Goodwill and the potentially material impact on the financial report.	We evaluated the judgements applied in managements evaluation of goodwill during their impairment testing and analysis. This included: • Assessing forecast revenue applied in the value in use compared to prior forecasts; • We reviewed the groups value in use models and considered assumptions applied to calculations; • We tested the mathematical accuracy of cashflow forecast and impairment models provided; and • Assessed disclosures made within the annual report.
Decentralised Operations The Group comprises subsidiaries (components) whose operations are spread across Thailand, Korea and Philippines. The decentralised and varied nature of these operations require significant oversight by the Group's management to monitor activities, review component financial reporting and undertake the Group consolidation. This was a key audit matter for us given the number of subsidiaries, varied operations and the significance of these operations to the group, and the varied accounting processes and systems used. We focused on: • Understanding the components and identifying significant risks of misstatement within them; • The scoping of relevant procedures consistent with the risks identified and to enable coverage of significant aggregated balances; • The assessment of component compliance with Group accounting policies, particularly in regard to revenue recognition and capitalisation of development costs; • The consolidation process and the information provided by components used for consolidation purposes.	We instructed component audit teams to perform procedures on the financial information prepared for consolidation purposes for all components. The objective of this was to gather evidence on significant balances that aggregate to form the Group's financial reporting. The component audit teams performed audits of the financial information of the components and provided an opinion on component financial statements, which included notes and compliance with International Financial Reporting Standards. We worked with the component audit team to understand the components, to identify risks that are significant to the audit of the Group and to plan relevant procedures. We discussed the audits as they progressed to identify any issues, working with the components, as appropriate. We evaluated the work performed by the component audit teams for sufficiency for our overall audit purpose. We also considered the component auditors' compliance with the Group's accounting policies, including revenue recognition. We tested the financial data used, the consolidation process for consistency with the financial data audited by component audit teams. We also assessed the consolidation process for compliance with the accounting standards.

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Key Audit Matters (Continued)

Key Audit Matters	*How Our Audit Addressed the Key Audit Matters*
Inventory As at 30 June 2021 the Group held inventory at cost of $8,968,000. After provision for impairment, carrying value at 30 June 2021 was $8,147,000. We consider this to be a key audit matter due to the significant judgement involved in estimating the realisable value of inventories.	During the conduct of our audit we attended stocktakes conducted by the Group. During our attendance we observed procedures and completed sample testing of counts conducted. We reviewed managements process for identifying inventory for impairment considerations and analysed stock records for indicators of additional stock that may require impairment.

Information Other than the Financial Report and Auditor's Report Thereon

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

Responsibility 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 Group to continue as a going concern, disclosing, as applicable matters, relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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 the financial report.

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.
  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 7 of the Directors' Report for the year ended 30 June 2021.

In our opinion the Remuneration Report of Quantum Health 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.

MNSA Pty Ltd

MNSA Pty Ltd

Mark Schiliro
Director

Sydney
Dated this 27th of September 2021

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DIRECTORS' DECLARATION

1. In the Directors' opinion:

   (a) the financial statements and notes set out on pages 15 to 50 are in accordance with the *Corporations Act 2001*, including:

      (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

      (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

   (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

3. The directors have been given the declarations by the chief executive officer and chief financial officer for the year ended 30 June 2021 required by section 295A of the *Corporations Act 2001*.

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

John Walstab
Director
27 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR END 30 JUNE 2021

	Note	2021 $'000	2020 $'000
Continuing operations			
Revenue from contracts with customers	2	55,113	58,309
Other revenue	2	558	1,089
Fair value gain on financial assets		99	67
Cost of sales		(26,653)	(31,032)
Employee benefits expense		(11,421)	(11,337)
Depreciation and amortisation expense	3	(1,541)	(1,553)
Advertising and promotion expenses		(485)	(847)
Finance costs	3	(701)	(757)
Legal fees		(121)	(138)
Research and development expenditure		(83)	(77)
Travel expenses		(639)	(1,052)
Motor vehicle expenses		(584)	(645)
Warranty expenses		(764)	(559)
Telephones and internet		(276)	(230)
Consultants		(805)	(645)
Freight and delivery expenses		(673)	(327)
Occupancy expenses	3	(147)	(221)
Insurance		(295)	(302)
Foreign exchange gain / (loss)		340	(222)
Other expenses		(2,348)	(2,286)
Profit from continuing operations before income tax		**8,574**	**7,235**
Income tax expense	4	(864)	(816)
Net profit after tax		**7,710**	**6,419**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Translation of foreign subsidiaries (loss) / gain		(1,403)	259
Items that will not be reclassified to profit or loss:			
Actuarial gain on post-employment benefit obligations		40	155
Total comprehensive income for the year		**6,347**	**6,833**
Profit for the year is attributable to:			
Non-controlling interests		889	973
Owners of Quantum Health Group Limited		6,821	5,446
		7,710	**6,419**
Total comprehensive income for the year is attributable to:			
Non-controlling interests		287	1,028
Owners of Quantum Health Group Limited		6,060	5,805
		6,347	**6,833**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of Quantum Health Group Limited			
Basic earnings per share (cents per share)	7	0.60	0.49
Diluted earnings per share (cents per share)	7	0.60	0.48

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	Consolidated Group 30 Jun 2021 $'000	30 Jun 2020 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	11,945	8,765
Trade and other receivables	9	14,842	14,963
Inventories	10	8,147	9,464
Financial assets	11	1,176	1,043
Other assets	19	4,499	3,870
TOTAL CURRENT ASSSETS		**40,609**	**38,105**
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,137	1,700
Right-of-use-assets	14	668	1,414
Investment property	15	2,338	2,444
Deferred tax assets	16	3,078	3,137
Goodwill and intangible assets	18	22,591	22,719
Financial assets	11	2,283	2,628
Other assets	19	1,657	1,906
Defined benefit plans	24	44	-
TOTAL NON-CURRENT ASSSETS		**33,796**	**35,948**
TOTAL ASSETS		**74,405**	**74,053**
CURRENT LIABLITIES			
Trade and other payables	20	11,102	11,401
Contract liabilities	21	3,918	6,840
Borrowings	22	7,277	8,888
Lease liabilities	26	499	929
Current tax liabilities		839	443
Short term provisions	23	2,597	2,249
TOTAL CURRENT LIABILITIES		**26,232**	**30,750**
NON-CURRENT LIABILITIES			
Trade and other payables	20	484	880
Contract liabilities	21	121	237
Borrowings	22	74	4
Lease liabilities	26	106	476
Employee benefits	23	113	443
Defined benefit plans	24	-	335
TOTAL NON-CURRENT LIABILITIES		**898**	**2,375**
TOTAL LIABILITIES		**27,130**	**33,125**
NET ASSETS		**47,275**	**40,928**
EQUITY			
Issued Capital	25	17,452	86,429
Reserves	27	1,507	2,268
Retained earnings / (accumulated losses)		22,958	(52,840)
Equity attributable to owners of Quantum Health Group Limited		**41,917**	**35,857**
Non-controlling interests		5,358	5,071
TOTAL EQUITY		**47,275**	**40,928**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Attributable to the members of Quantum Health Group Limited								
	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**
Consolidated									
Balance at 1 July 2019	85,709	720	504	1,375	29	(58,286)	30,051	4,043	34,094
Profit for the period	-	-	-	-	-	5,446	5,446	973	6,419
Other comprehensive income for the period	-	-	-	211	149	-	360	55	415
Shares Issued	720	(720)	-	-	-	-	-	-	-
Balance at 30 June 2020	86,429	-	504	1,586	178	(52,840)	35,857	5,071	40,928
Balance at 1 July 2020	86,429	-	504	1,586	178	(52,840)	35,857	5,071	40,928
Profit for the period	-	-	-	-	-	6,821	6,821	889	7,710
Other comprehensive income for the period	-	-	-	(801)	40	-	(761)	(602)	(1,363)
Capital restructure	(68,977)	-	-	-	-	68,977	-	-	-
Balance at 30 June 2021	17,452	-	504	785	218	22,958	41,917	5,358	47,275

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 $ 000	2020 $ 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		65,098	62,189
Payments to suppliers and employees		(57,457)	(52,580)
Interest received		72	94
Finance costs		(287)	(255)
Income tax paid		(402)	(321)
Net cash provided by operating activities	29	7,024	9,127
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		19	209
Purchase of property, plant and equipment		(174)	(879)
Payments for acquisition of investment		-	(1,670)
Payments for financial assets		(687)	(1,324)
(Payment) / proceeds from (purchase) / sale of financial assets		(615)	947
Net cash used in investing activities		(1,457)	(2,717)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(835)	(784)
Repayment of borrowings		(1,552)	(1,188)
Net cash used in financing activities		(2,387)	(1,972)
Net increase in cash held		3,180	4,438
Cash at beginning of period		8,765	4,327
Cash at end of period	8	11,945	8,765

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

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

This financial report includes the consolidated financial statements of Quantum Health Group Limited ('the Company') and controlled entities (collectively the 'Group' or 'consolidated entity').

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general-purpose financial statements 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.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions.

The financial statements also comply with International Financial Reporting Standards.

Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

Subsidiaries

A controlled entity is an entity that is controlled by Quantum Health Group Limited. Quantum controls a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. The acquisition method of accounting is used to account for business combinations by the Group (Note 1(t)).

A list of controlled entities is contained in Note 12 to the financial statements.

The assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year.

All balances and transactions between entities in the consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(b) Income Tax

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

Current income tax expense (credit) charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantively enacted, as at the reporting date. 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 as unused tax losses.

Current and deferred income tax expense (credit) are charged or credited directly to equity instead of profit or loss when the tax relates to items that are charged or credited directly to equity.

Deferred tax assets and liabilities are based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses. Deferred tax assets also result where amounts have been expensed but future tax deductions are available. No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Income Tax (continued)

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 reporting date. 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, 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 legally enforceable right of set-off exists, 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.

Tax Consolidation

Quantum Health Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated Group under tax consolidation legislation. Each entity in the tax consolidated group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately assumed by the head entity. The Company notified the Tax Office that it had formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered a tax sharing agreement whereby each company in the tax consolidated group contributes to the income tax payable by the tax consolidated group in proportion to their contribution to the tax consolidated group's taxable income. Differences between the amounts of net tax assets and liabilities recognised pursuant to the tax sharing agreement are recognised as either a contribution by, or distribution to, the head entity.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all plant and equipment including capitalised lease assets, is depreciated on a straight-line or diminishing value basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset		**Depreciation Rate**
Plant and equipment	- General	15% – 20%
	- Office Equipment	33%
	- Motor Vehicles	12.5% – 23%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, Plant and Equipment (continued)

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 (Note 1(h)).

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

(e) 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 consolidated entity 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 Group 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.

(f) 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 Group'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.

(g) Financial Instruments

Classification

The Group classified its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss ("FVPL") and;
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Recognition and Derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (continued)

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset.

The Group subsequently measures all debt investments that do not qualify for measurement at amortised cost and all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on debt and equity investments in profit or loss, interest and dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on debt and equity investments measured at FVPL are not reported separately from other changes in fair value.

Impairment

From 1 July 2017, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVPL and equity instruments carried at FVPL. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(h) Impairment of Assets

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the Group'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.

Impairment of non-financial assets other than Goodwill

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering both external and internal sources of information. 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 of disposal 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.

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangibles

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business combination exceeds the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Customer Contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

(j) Foreign Currency Transactions and Balances

Functional and Presentation Currency

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

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. 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.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

— assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

— income and expenses are translated at average exchange rates for the period; and

— retained earnings are translated at the exchange rates prevailing at the dates of the transactions.

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Additionally, the Korean and Philippine entities operate defined benefit pension plans, which require contributions to be made to a separately administered fund. Actuarial gains and losses for the defined benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

The defined benefit liability comprises the present value of the defined benefit obligation, less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value is based on market price information, and, in the case of quoted securities, it is the published bid price.

Unvested past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. Past service costs are recognised immediately if the benefits have already vested following the introduction of, or changes to, a pension plan.

(l) Provisions

Provisions are recognised when the Group 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.

(m) Provision for Warranties

Provision is made in respect of the Group's estimated liability on all products and services under warranty at balance date. The provision is based on the Group's history of claims to settle warranty obligations over the last two years, calculated as a percentage of revenue, net of warranties provided to the Group by suppliers.

(n) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the consolidated statement of financial position.

(o) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days for Australia and New Zealand entities, 30 to 60 days for Philippine and 60 to 90 days for Korea and Thailand. Other receivables are recognised at amortised cost, less any allowance for expected credit losses. The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. Trade and other receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

(p) Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration, (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue

The Group recognises revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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 Group considers that the point of satisfaction of the performance obligation is the point of delivering goods or acceptance 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, which is considered to be a separate performance obligation for the purposes of recognising revenue. 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.

(r) 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.

(s) 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 tax authority. 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.

(t) Business Combinations

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Business Combinations (Continued)

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(u) Comparative Figures

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

(v) Rounding of Amounts

The Company 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 ("ASIC") relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off in accordance with that ASIC Instrument to the nearest thousand dollars, unless otherwise indicated.

(w) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report 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 Group.

Key Estimates

(i) Impairment

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Where any impairment trigger exists, the recoverable amount of the asset is determined. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Critical Accounting Estimates and Judgments (Continued)

Key Judgements

(i) Provision for expected credit losses of trade receivables

The Directors have reviewed outstanding debtors of the Group as at 30 June 2021, and have formed the opinion that amounts receivable from sales made during the current and previous financial years amounting to $413,000 (2020: $732,000) may not be collectable, and have created an allowance for expected credit losses.

(ii) Provision for Inventory obsolescence

The directors review all inventories at the year end and provide for any inventories where the expected realisable value is less than carrying value.

(iii) Impairment of Goodwill and other intangible

The directors have assessed the value of goodwill and other intangible at balance date and have determined that the net book value at 30 June 2021 is recoverable. Further details are included in Note 18.

(iv) Provision for Warranty – Quantum Energy Technologies Pty Ltd

Quantum Energy Technologies, a subsidiary of the Company, has a provision for warranty expenses as at 30 June 2021 of $482,000. The provision is based on management's estimate of the cost of providing this warranty for two years to its customer.

If management's estimate was to increase or decrease by 10%, the warranty provision would increase or decrease by $48,100.

(v) Provision for Warranty – Quantum Healthcare Korea Co, Ltd ("QHK")

Quantum Healthcare Korea Co, Ltd, a subsidiary of the Company, reduced the provision for warranty provision to $139,000 as at 30 June 2021. The provision of $138,000 is based on management's estimate of the cost of providing this warranty for one year to its customer (being the difference between the warranty of three years provided by QHK to its customer and the warranty of two years received from its supplier, which is estimated by management's review of the contract with its supplier and determining the warranty element of total costs payable to its supplier.

If management's estimate was to increase or decrease by 10%, the warranty provision would increase or decrease by $13,800.

(vi) Defined benefit plans – Quantum Healthcare Korea Co. Ltd ("QHK"), Quantum Hunex Korea Co. Ltd ("Hunex") and Carestream Health Philippine Inc ("QHP")

Various actuarial assumptions are required when determining the Group's defined benefit obligations. See Note 24.

(vii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and tax losses only if the Group considers that it is possible that future taxable amounts will be available to utilise those temporary differences and losses.

(viii) Estimation of useful lives of assets

The group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets, including customer contracts through business combination. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Critical Accounting Estimates and Judgments (Continued)

(ix) Business combinations

As discussed in note 1(t), business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

(x) Fair Value Measurement

The fair value of financial assets and liabilities are estimated for disclosure purposes in accordance with AASB 13– Fair Value Measurement which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(y) Going Concern

During the year ended 30 June 2021, the consolidated entity earned a profit after income tax of $7,710,000. At 30 June 2021, the consolidated entity had net assets of $47,275,000 and net current assets of $14,377,000, and during the year ended 30 June 2021 generated cash flow from operating activities of $7,024,000. Included in current liabilities are amounts due to J Walstab (a director of the Company) of $2,118,000. Mr Walstab has confirmed that he will not demand repayment of this amount prior to 31 December 2021 if it affects the ability of the consolidated entity to pay its other debts as and when they fall due and payable.

Management have prepared cash flow forecasts which management considers demonstrates that the consolidated entity will generate sufficient cash flows to enable it to continue as a going concern and pay its debts as and when they fall due and payable. Accordingly, the financial statements have been prepared on a going concern basis.

(z) 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 16 Leases

The Group has adopted AASB 16 from 1 July 2019 which replaces AASB 117 'Leases' and for lessees eliminates the classification of operating leases and finance leases.

Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding liabilities are recognised in the balance sheet. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities. In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) New, revised or amending Accounting Standards and Interpretations adopted (continued)

On adoption, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 July 2019. The weighted average incremental borrowing rate that applied to the lease liabilities on 1 July 2019 was 4.3%.

Right of use assets were measured at their carrying amounts as if the standard had been applied since commencement date of each lease but discounted using the incremental borrowing rate that applied on 1 July 2019.

Impact of adoption

The new accounting policies are disclosed in note 1(z). AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019 **$000**
Operating lease commitments as at 1 July 2019	1,508
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4.3% (AASB 16)	(65)
Leases exemptions (short term leases and low value leases)	(27)
Right-of-use assets (AASB 16)	1,416
Lease liabilities – current (AASB 16)	(805)
Lease liabilities – non-current (AASB 16)	(611)
Increase in opening retained profits as at 1 July 2019	-

When adopting AASB 16 from 1 July 2019, the Group has applied the following practical expedients:

• applying a single discount rate to the portfolio of leases with reasonably similar characteristics;

• excluding any initial direct costs from the measurement of right-of-use assets;

• using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and

• not apply AASB 16 to contracts that were not previously identified as containing a lease

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

	Consolidated Group	
	2021	**2020**
	$000	**$000**
Revenue from contracts with customers		
Sale of goods	32,455	39,876
Services revenue	22,658	18,433
	55,113	58,309
Other revenue		
Interest receivable – other entities	72	94
Interest receivable – related parties	-	118
Other revenue	486	877
	558	1,089
Total Revenue	55,671	59,398
Timing of revenue recognition		
Goods transferred at a point in time	32,455	39,876
Other revenue recognised at point in time	558	1,089
Services transferred over time	22,658	18,433
	55,671	59,398

AASB 15 requires an entity to disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has assessed that the disaggregation of revenue by operating segments is appropriate in meeting this disclosure requirement as this is the information regularly reviewed by the chief operating decision maker in order to evaluate the financial performance of the Group.

NOTE 3: PROFIT FOR THE YEAR

	Consolidated Group	
	2021	**2020**
	$000	**$000**
Profit for the year includes the following expenses:		
Finance costs		
- External - bank loans and overdrafts	318	210
- Interest expenses on lease liabilities	-	21
- Related parties	383	526
Total finance costs	701	757
Depreciation and amortisation expenses		
- Amortisation of right-of-use assets	710	784
- Depreciation of property, plant and equipment	668	684
- Depreciation of investment properties	35	-
- Amortisation of intangible assets	128	85
Total depreciation and amortisation expenses	1,541	1,553
Rental expense relating to operating leases	147	221

Rental expenses of $147,000 recognised in the 30 June 2021 consolidated statement of profit or loss and other comprehensive income relate to leases that terminated during the year (short term lease exemption) or low value leases.

NOTE 4: INCOME TAX EXPENSE / (CREDIT)

	Consolidated Group	
	2021	2020
	$000	$000
(a) Continuing Operations		
The components of income tax expense / (credit) comprise:		
Current tax relating to Continuing Operations	1,278	268
Deferred tax relating to Continuing Operations	(414)	548
	864	816
(b) Income Tax Expense / (Credit)		
The prima facie tax on profit from continuing activities before income tax is reconciled to the income tax expense (credit) as follows:		
Prima facie tax payable on profit from continuing activities before income tax at 30% (2020:30%)	2,572	2,171
Add / (Deduct) tax effect of:		
Difference in overseas tax rate	(591)	(161)
Previously unrecognised tax losses used to reduce tax expense	(961)	(956)
Other amounts which are not deductible (assessable) for income tax purposes	(156)	(238)
Income tax expense (credit)	864	816
The applicable weighted average effective rates are	10%	11%

(c) Other comprehensive income

There is no income tax on the items in other comprehensive income.

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL

(a) Names and positions held of consolidated entity key management personnel in office at any time during the current and previous financial year are:

D.A Townsend	Chairman and Non-executive Director
J. Walstab	CEO, Managing Director and Company Secretary
Y. Kim	CEO, Quantum Healthcare Pty Ltd (subsidiary)
A. McCarthy	Non-executive Director

(b) Key Management Personnel remuneration

	Consolidated Group	
	2021	2020
	$000	$000
Short-term employee benefits	847,662	867,353
Post-employment benefits	63,595	56,305
Long-term benefits	10,169	8,816
	921,426	932,474

(c) Option holdings

There are no options held by key management personnel (2020: Nil)

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(d) Shareholdings

The numbers of share in the Company held during the year by each director of the Company and other key management personnel of the Group, including their personally related parties, are set out below:

	Balance 1.7.20 Number	Sold Number	Purchased Number	Balance 30.6.21 Number
Directors				
D.A Townsend	329,312,458	(204,174,078)[1]	-	125,138,380
J. Walstab	514,712,393	-	-	514,712,393
A. McCarthy	-	-	-	-
S Wen	-	-	-	-
Specified Executives				
Y. Kim	44,000,000	-	-	44,000,000
Related Parties				
M. Walstab (Brother of J. Walstab)	400,000	(400,000)	-	-

[1] Transaction part of a share restructure, no change to D Townsend's actual share interest.

NOTE 6: REMUNERATION OF AUDITORS

	Consolidated Group 2021	Consolidated Group 2020
Auditing and reviewing financial reports		
MNSA		
- Audit and review of financial statements	70,000	-
HLB Mann Judd (NSW Partnership)		
- Audit and review of financial statements	65,000	159,750
	135,000	159,750
Non-MNSA and Non-HLB Mann Judd (NSW Partnership) auditors for audit of subsidiary companies:		
- Thailand	24,883	24,000
- Korea	42,335	80,998
- Philippines	6,564	6,956

NOTE 7: EARNINGS PER SHARE

	Consolidated Group	
	2021	2020
	Cents per share	Cents per share
Earnings per share after tax		
Basic earnings per share	0.60	0.49
Diluted earnings per share	0.60	0.48

	Consolidated Group	
	2021	2020
	$000	$000
Net profit		
Earnings used to calculate basic EPS	6,821	5,446
Earnings used to calculate diluted EPS	6,821	5,446
	No.	**No.**
(a) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	1,128,308,291	1,114,455,832
(b) Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	1,128,308,291	1,128,308,291
Weighted average number of shares used as the denomination:		
Weighted average number of ordinary shares used as the denomination in calculating basic earnings per share:	1,128,308,291	1,114,455,832
Weighted average number ordinary shares and for shares to be issued used as the denominator in calculating diluted earnings per share	1,128,308,291	1,128,308,291

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2021	2020
	$000	$000
Cash at bank and in hand	11,945	8,765
	11,945	8,765

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2021	**2020**
	$000	**$000**
CURRENT		
Trade receivables	15,255	15,695
Allowance for expected credit losses	(413)	(732)
	14,842	14,963
Trade receivables past due, not impaired		
Not overdue	6,308	12,446
61-90 days past due	6,209	1,562
91 days and above past due	2,325	955
	14,842	14,963
Movement in allowance for expected credit loss		
Opening balance	(732)	(527)
Additions during the year	-	(253)
Amounts collected during the year	319	-
Amounts written off during the year	-	48
Closing balance	(413)	(732)

Allowance for expected credit losses

Current trade receivables are non-interest bearing and generally on 30-day terms for Australia and New Zealand entities, and 60 to 90-day terms for Korea, Thailand and Philippines entities. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Credit Risk — Trade and Other Receivables

The Group has no significant concentration of credit risk. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group. On a geographical basis, the Group has significant credit risk exposures in Australia, Korea and Thailand given the substantial operations in these countries. In Australia, the Group has retention of title clauses over goods sold until payment is received. The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

NOTE 10: INVENTORIES

	Consolidated Group	
	2021	**2020**
	$000	**$000**
At cost		
Raw materials and stores	511	8
Finished goods	8,457	10,238
	8,968	10,246
Less: Provision for Impairment	(821)	(782)
	8,147	9,464

NOTE 11: FINANCIAL ASSETS

	Consolidated Group	
	2021	2020
	$000	$000
Current		
Financial assets at fair value through profit or loss:		
- Shares in listed companies	19	21
- Renewable Energy Certificates	22	3
At face value:		
- Term deposits	692	1,019
- Loans - others	443	-
	1,176	1,043
Non-Current		
- Deposits	1,616	2,065
- Loans - others	254	183
- Convertible note	413	380
	2,283	2,628

Level 1 in the fair value hierarchy (refer Note 1 (x)): The fair values of shares in listed companies and Renewable Energy Certificates are based on quoted market prices at the end of the reporting period.

Term deposits, Deposits and Loans are measured at their face value, which is considered to be their fair value.

NOTE 12: CONTROLLED ENTITIES

Name of entity	Country of Incorporation	Ownership Interest	
		2021	2020
Parent entity			
Quantum Health Group Limited	Australia		
Controlled entity			
Quantum Energy Technologies Pty Ltd	Australia	100%	100%
Quantum Energy Installations Pty Ltd	Australia	100%	100%
Quantum Healthcare Australia Pty Ltd	Australia	100%	100%
Medishop Pty Ltd	Australia	100%	100%
Quantum Solar Power Pty Ltd	Australia	100%	100%
Quantum Energy Technologies (Suzhou) Co Ltd	China	100%	100%
Suzhou Sheerdrop Wine Co Ltd	China	100%	100%
Med-X Healthcare Pty Ltd	Australia	100%	100%
Quantum Healthcare Korea Co. Ltd	Korea	100%	100%
Quantum Bio Science Co. Ltd	Korea	70%	70%
Quantum Hunex Korea Co. Ltd	Korea	95%	95%
Quantum Healthcare Thailand Co. Ltd	Thailand	49%	49%
Quantum Healthcare Pty Ltd	Australia	100%	100%
Quantum Healthcare Hong Kong Limited	China	100%	100%
Quantum Holdings Co. Ltd	Korea	100%	100%
Carestream Health Philippines, Inc.	Philippines	100%	100%
Quantum Healthcare NZ Ltd	New Zealand	100%	100%

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2021	**2020**
	$000	**$000**
Plant & Equipment at cost	4,234	6,986
Accumulated depreciation	(3,097)	(5,286)
	1,137	1,700
Movements in carrying amounts		
Opening Balance	1,700	1,570
Additions	143	879
Additions through business combinations (Not 17)	44	28
Re-classification from inventory	-	65
Disposals/write-offs	(82)	(158)
Depreciation/amortisation expense	(668)	(684)
Closing balance	1,137	1,700

NOTE 14: Right of Use Assets

	Consolidated Group	
	2021	**2020**
	$000	**$000**
Non-Current		
Land and building - right-of-use	1,188	1,430
Less: Accumulated Depreciation	(938)	(657)
Equipment-right-of-use	462	420
Less: Accumulated Depreciation	(160)	(46)
Vehicles-right-of-use	306	457
Less: Accumulated Depreciation	(233)	(190)
Others	168	-
Less Accumulated Depreciation Others	(125)	-
Total	668	1,414
Movements in carrying amounts		
Opening Balance as at 1 July 2020	1,414	1,416
Additions	210	782
Finished the lease	(246)	-
Depreciation/amortisation expense	(710)	(784)
Closing balance	668	1,414

Total opening balance at 1 July 2020 was $1,414,000. AASB 16 was adopted using the modified retrospective approach and comparatives for right-of-use assets have not been provided. Refer to Note1(z).

The Group leases land and buildings for its offices and warehouses under agreements of between three to five years with options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases office equipment under agreements of up to three years. The Group leases vehicles under agreements of between seven to ten years.

In relation to right of use assets, depreciation charged in the year for land and buildings was $281,000; equipment was $114,000; vehicle was $43,000 and for others was $125,000.

Details on interest expense and cashflows relating to lease liabilities are disclosed in Note 26.

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

NOTE 15: INVESTMENT PROPERTIES

	Consolidated Group	
	2021	**2020**
	$000	**$000**
Opening Balance	2,444	2,444
Depreciation building expense	(35)	-
Re-classification from financial assets	(71)	-
Closing Balance	2,338	2,444

Investment properties, principally a freehold office building in Korea, are held for long-term rental yields and are no longer occupied by the Group due to the restructure of its environmental division during the year. They are carried at cost.

NOTE 16: DEFERRED TAX ASSETS

	Consolidated Group	
	2021	**2020**
	$000	**$000**
Consists of:		
- Inventories	181	186
- Employee entitlements	820	832
- Lease liability	207	313
- Accruals and Provisions	1,425	1,264
- Other	345	121
- Right of use assets	(195)	(306)
- customer relationship	(320)	(358)
- Impairment provisions	466	465
- Tax losses	149	620
	3,078	3,137

The tax losses carried forward from the Australian tax consolidated group have not been recognised as the group estimates that is not probable that taxable profit will be available against which the unused tax losses in a near future. The total value of the Deferred Tax Assets on losses carried forward is $1,799,717.

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

NOTE 17: BUSINESS ACQUISITION

On 1 November 2019, the Group acquired Carestream's medical imaging service Businesses in Australia and New Zealand ("Carestream ANZ"). Carestream ANZ provides onsite and remote service to hospitals, radiology imaging centres in Australia and New Zealand. On 1 January 2020, the Group acquired *Carestream Health Philippines Inc*. ("Carestream Philippines"). Carestream Philippines provides onsite and remote service to hospitals, radiology imaging centres in Philippine.

Details of the acquisition are as follows:

	Carestream ANZ Service Business Fair value $000	Carestream Philippines Service Business Fair value $000	Total $000
Cash and cash equivalent	-	2,006	2,006
Trade and other receivables	-	387	387
Inventory	1,465	113	1,578
Customer contracts	1,279	-	1,279
Other assets	18	163	181
Property, plant and equipment	-	15	15
Retirement benefit plan	-	127	127
Deferred tax assets / (liabilities)	(143)	387	244
Employee liabilities	(773)	-	(773)
Deferred income & extended warranty	(1,300)	(315)	(1,615)
Trade and other payables	-	(285)	(285)
Net identifiable assets acquired	546	2,598	3,144
Goodwill / (bargain purchase)	1,542	(130)	1,412
Acquisition-date fair value of the total consideration transferred	2,088	2,468	4,556
Representing:			
Cash paid	1,208	2,468	3,676
Deferred consideration	880	-	880
	2,088	2,468	4,556
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	1,208	2,468	3,676
Less: cash and cash equivalents	-	(2,006)	(2,006)
Net cash used - investing activities	1,208	462	1,670

The provisional accounting for the acquisition of Carestream Philippines generated a gain from bargain purchase of $130,000 as the fair value of net assets of $2,598,000 was in excess of the aggregate consideration of $2,468,000. This bargain purchase gain has been recognised as other income during the year.

The acquisition of Carestream ANZ contributed revenue of $7,671,000 and net profit of $1,015,000 to the group for the period from 1 November 2019 to 30 June 2020. The acquisition of Carestream Philippines contributed revenue of $448,000 and net profit of $24,000 to the group for the period from 1 January 2020 to 30 June 2020.

Due to restructuring that occurred in both businesses before the acquisition by the Group, it is not possible to estimate reliably what would have been the impact on revenue and profit for the year ended 30 June 2020 if both businesses had been purchased on 1 July 2019.

NOTE 18: GOODWILL AND INTANGIBLE ASSETS

	Consolidated Group	
	2021	**2020**
	$000	**$000**
Goodwill on acquisition		
Cost	21,525	21,525
Customer contracts:		
Customer contracts at cost	1,279	1,279
Less: Accumulated amortisation	(213)	(85)
Net carrying value	1,066	1,194
Total Goodwill and Intangible Assets	22,591	22,719

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

	Goodwill	Customer Contracts	Total
	$'000	**$'000**	**$'000**
Balance at 1 July 2020	21,525	1,279	22,804
Amortisation expense	-	(213)	(213)
Total Goodwill and intangible assets	21,525	1,066	22,591

The value in use calculations for the goodwill on acquisition are based on discounted estimated maintainable earnings before interest and taxes ("EBIT"). EBIT increase is forecast at an average rate for the next five years and a terminal value of a multiple of EBIT. Details of key assumptions used in the value in use calculations are as follows:

Discount rate	15.5%
Terminal value of approximate times EBIT	5.7
EBIT base on forecast for year ending 30 June 2021 increase (decrease) at average of	1%

Sensitivity Analysis

If discount rates were changed to the rates detailed in the table below with no change to any of the other assumptions, the estimated recoverable amount would approximately equal the carrying amount.

If forecast EBIT used was changed by the amounts noted in the table below with no change to any of the other assumptions the estimated recoverable amount would approximately equal the carrying amount.

Discount rate – change discount rates to	39%
EBIT change – reduce forecast EBIT by	59%

NOTE 19: OTHER ASSETS

	Consolidated Group 2021 $000	Consolidated Group 2020 $000
CURRENT		
Prepayments	40	114
Guarantee deposits	3,680	3,363
Other	779	393
	4,499	3,870
NON-CURRENT		
Security Deposits	336	450
Guarantee deposits	1,267	1,385
Other	54	71
	1,657	1,906

NOTE 20: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2021 $000	2020 $000
CURRENT		
Trade payables	8,284	9,346
Account payable to related parties	288	211
Deferred consideration	680	200
Employee benefits	247	657
Other	1,603	987
	11,102	11,401
NON-CURRENT		
Deferred consideration	284	680
Other payables	200	200
	484	880

NOTE 21: CONTRACT LIABILITIES

	Consolidated Group	
	2021 $000	2020 $000
CURRENT		
Customers deposits	3,580	3,423
Contract liabilities	338	3,417
	3,918	6,840
NON-CURRENT		
Contract liabilities	121	237
	121	237
Total	4,039	7,077

Contract liabilities are aggregate amount of the transaction price allocated to performance obligations that are unsatisfied at the end of the reporting period. This will be recognised as revenue when the performance obligations are satisfied.

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

NOTE 22: BORROWINGS

	Consolidated Group	
	2021	2020
	$000	$000
CURRENT		
Unsecured liabilities:		
- Loans - Related parties (Note 30)	3,326	3,398
- Loans - Other parties	1,029	1,370
- Loans - Director of subsidiary	1,023	1,453
Secured liabilities:		
- Bank borrowings	1,899	2,667
	7,277	8,888
NON-CURRENT		
Unsecured liabilities:		
- Loans - Other parties	74	4
	74	4

Borrowings are accounted for at face value.

$204,858 is secured by the CEO of Quantum Hunex Korea. $1,248,545 is secured with Hunex factory as collateral and $496,021 is secured with Quantum Holdings foreign currency deposit.

NOTE 23: PROVISIONS

	Consolidated Group	
	2021	2020
	$000	$000
CURRENT		
Employee benefits	1,976	1,731
Warranty	621	518
	2,597	2,249
NON CURRENT		
Employee benefits	113	443

NOTE 24: DEFINED BENEFIT PLANS

The group has defined benefit pension plans in Korea and Philippines. The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. The following tables summarise the main assumptions used, the components of net benefit expense recognised in the statement of profit or loss and amounts recognised in the statement of financial position. The actuarial reports underlying the following amounts for Korea were received by the Company in September 2021.

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(a) Details of the net retirement benefit obligation is as follows:

	Consolidated Group	
	2021	2020
	$000	$000
Present value of the retirement benefit obligation	801	891
Fair value of the plan assets	(845)	(556)
Net retirement benefit obligation	(44)	335

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

(b) Profit and loss recognised in connection with defined benefit pension plans for the year ended 30 June 2021 as follows:

	Consolidated Group	
	2021	**2020**
	$000	**$000**
Current service cost	202	321
Interest cost on retirement benefit obligation	4	17
Total expenses included in the employee benefits expense	206	338

(c) Changes in the present value of the defined benefit liabilities for the year ended 30 June 2021 are as follows:

	Consolidated Group	
	2021	**2020**
	$000	**$000**
Beginning balance	891	1,426
Defined benefit (asset) / liability adopted upon business acquisition	-	(129)
Current service cost	202	265
Interest cost	20	18
Foreign exchange loss/(gain)	(18)	(20)
Actuarial loss/(gain)	(48)	(167)
Retirement benefits paid	(246)	(502)
Ending balance	801	891

(d) Changes in the fair value of plan assets for the year ended 30 June 2021 are as follows:

	2021	**2020**
	$000	**$000**
Beginning balance	556	470
Contributions	509	391
Interest revenue	16	-
Benefits paid	(196)	(299)
Expected return	(12)	5
Foreign exchange loss/(gain)	-	(11)
Actuarial gain/(loss)	(28)	-
Ending balance	845	556

(e) The principal assumptions used in actuarial valuation as at 30 June 2021 are as follows:

	2021	**2020**
Discount rate	2.86%	2.72%
Future salary increases rate	4.61%	4.94%
Retirement age	60 years	60 years

(f) The plan assets as at 30 June 2021 are as follows:

	2021	**2020**
	$000	**$000**
Term deposits	465	556
Unit Investment Trust Funds	20	-
Government Securities	316	-
Total	801	556

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

NOTE 25: ISSUED CAPITAL

			Consolidated Group	
	30 June 2021 No.	30 June 2020 No.	30 June 2021 $ 000	30 June 2020 $ 000
CURRENT				
Fully paid ordinary shares	1,128,308,291	1,128,308,291	17,452	86,429
	1,128,308,291	1,128,308,291	17,452	86,429
Movements- Fully paid ordinary shares:				
At the beginning of the year	1,128,308,291	1,128,308,291	86,429	86,429
Section 258F Capital reduction	-	-	(68,977)	-
At the end of the year	1,128,308,291	1,128,308,291	17,452	86,429

The Board resolved with effect 30 June 2021 to reduce Quantum Health Groups share capital by $68,977,000 in accordance with *section 258F of the Corporations Act*.

Capital Management

Management controls the capital of the Group in order to meet debt covenants, provide shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in risks and in the market. These responses include the management of debt levels and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Note 26: Lease Liabilities

	Consolidated Group	
	2021 $000	2020 $000
CURRENT		
- Lease liability	499	929
NON CURRENT		
- Lease liability	106	476

AASB 16 was adopted using the modified retrospective approach and comparatives for lease liabilities have not been provided. Refer to Note 1(z). Interest expense recognised in the statement of profit or loss and other comprehensive income was $21,000 and interest and principal payments made to lessors in respect to lease liabilities was $805,000 for the year.
The lease liabilities relating to equipment and vehicles are secured over the assets to which the leases relate.

NOTE 27: RESERVES

	Consolidated Group	
	2021 $000	2020 $000
Reserve		
Undistributable Profits Reserve	504	504
Exchange Translation Reserve	785	1,586
Actuarial Gain Reserve	218	178
Closing Balance	1,507	2,268

Undistributable Profits Reserve

The undistributable profits reserve records profits earned by Quantum Energy Technologies (Suzhou) Co Ltd that are required to be retained by that Company and cannot be distributed as dividends to Quantum Health Group Limited. The reserve is currently at its maximum required amount.

Exchange Translation Reserve

The exchange translation reserve records the exchange differences arising on translation of the financial statements of overseas subsidiaries to Australian dollars.

NOTE 28: SEGMENT REPORTING

	Environmental Services		Medical		Unallocated		Elimination		Consolidated-Continuing Operations	
	30 Jun 2021 $'000	30 Jun 2020 $'000	30 Jun 2021 $'000	30 Jun 2020 $'000	30 Jun 2021 $'000	30 Jun 2020 $'000	30 Jun 2021 $'000	30 Jun 2020 $'000	30 Jun 2021 $'000	30 Jun 2020 $'000
Total revenue - Australia	3,597	2,305	18,200	19,791	-	119	1,034	(2,408)	22,831	19,807
Total revenue- China	349	1,556	-	-	-	17	-	(1,586)	349	(13)
Total revenue - Thailand	-	-	13,882	16,949	-	-	-	-	13,882	16,949
Total revenue - Korea	-	-	17,383	22,281	-	-	(78)	(74)	17,305	22,207
Total revenue - Philippines	-	-	1,304	448	-	-	-	-	1,304	448
Total revenue	3,946	3,861	50,769	59,469	-	136	956	(4,068)	55,671	59,398
Profit/(Loss) after income tax - Australia	62	(426)	3,231	5,947	(1,576)	(1,379)	1,631	(907)	3,348	3,235
Profit/(Loss) after income tax - China	-	673	-	-	-	(40)	6	(1,586)	6	(953)
Profit/(Loss) after income tax - Thailand	-	-	1,740	1,928	-	-	1,085	1,637	2,825	3,565
Profit/(Loss) after income tax - Korea	-	-	1,567	(401)	-	-	(42)	949	1,525	548
Profit/(Loss) after income tax - Philippines	-	-	6	24	-	-	-	-	6	24
Total profit / (loss) after income tax	62	247	6,544	7,498	(1,576)	(1,419)	2,680	93	7,710	6,419
Segment assets - Australia	808	9,482	45,642	45,133	3,182	9,011	(5,801)	(22,815)	43,831	40,811
Segment assets - China	(1,484)	(1,004)	-	-	-	-	-	-	(1,484)	(1,004)
Segment assets - Thailand	-	-	11,853	11,669	-	-	-	-	11,853	11,669
Segment assets - Korea	-	-	17,056	19,560	-	-	-	-	17,056	19,560
Segment assets - Philippines	-	-	3,149	3,017	-	-	-	-	3,149	3,017
Total segment assets	(676)	8,478	77,700	79,379	3,182	9,011	(5,801)	(22,815)	74,405	74,053
Segment liabilities - Australia	(1,446)	8,080	12,224	13,858	5,446	10,503	1,555	(12,124)	17,779	20,317
Segment liabilities - China	400	120	-	-	-	-	-	-	400	120
Segment liabilities - Thailand	-	-	(59)	135	-	-	-	-	(59)	135
Segment liabilities - Korea	-	-	8,422	12,259	-	-	-	-	8,422	12,259
Segment liabilities - Philippines	-	-	588	294	-	-	-	-	588	294
Total segment liabilities	(1,046)	8,200	21,175	26,546	5,446	10,503	1,555	(12,124)	27,130	33,125
Income tax expense (credit)	-	(4)	864	892	-	(72)	-	-	864	816
Depreciation	27	128	1,514	1,425	-	-	-	-	1,541	1,553
Interest Revenue	-	-	68	94	4	118	-	-	72	212
Interest Expense	-	-	94	247	607	510	-	-	701	757
Fair value gain/(loss) on financial assets	99	40	-	27	-	-	-	-	99	67
Acquisition of Property, plant & equipment	-	-	143	879	-	-	-	-	143	879

Operating segments are reported in a manner consistent with the internal reporting provided by the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of operating segments has been identified as the board.

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

NOTE 28: SEGMENT REPORTING (Continued)

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles, other financial assets and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

Business Segments

The entity operates in two primary business segments being the medical division focussing on high-end medical equipment distribution in Asia Pacific and the Environmental division for manufacture of energy saving heat pump technology used for heating and cooling systems internationally, and other investments/assets.

Geographical Segments

The Group predominantly operates in 5 geographical segments with manufacturing operations in China (ceased in early 2019) and distribution in Australia, Korea, Thailand and Philippines.

The manufacturing operations in China have not been disclosed as a discontinued corporation, as the Group continues the acquisition and sale of the same products.

Intersegment Transfers

There were no intersegment transfers.

NOTE 29: CASH FLOWS INFORMATION

	Note	2021 $000	2020 $000
Reconciliation of Cash Flows from Operations with Profit After Income Tax			
Operating profit after income Tax		7,710	6,419
Non-cash items in profit			
-Depreciation	13	668	684
- Amortisation of right-of-use assets	14	710	784
-Net exchange differences		(1,405)	259
-Profit/loss on disposal of assets/investments		(99)	(91)
-Change in fair value of financial assets		-	(27)
-Provision for annual leave and long service leave		(76)	166
-Impairment of receivables		96	205
-Depreciation investment properties		35	-
-Amortisation of intangible		128	85
-Provision for defined benefit plans		(377)	(621)
(Increase) / decrease in:			
-Trade receivables		775	(4,438)
-Inventories		592	(317)
-Deferred Tax Asset		60	75
-Other assets		1,765	(1,498)
Increase/ (decrease) in:			
-Trade creditors and accruals		(847)	3,703
-Contract liabilities		(3,038)	3,845
-Provision for warranty		102	(146)
-Income tax payable		225	40
Cash flows from operating activities		7,024	9,127

NOTE 30: RELATED PARTY DISCLOSURES

(a) Equity interests in related parties

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 12 to the financial statements.

(b) Key management personnel

Details of key management personnel remuneration are disclosed in the Remuneration Report in the Directors' Report, and in Note 5.

(c) Directors' equity holdings

Details of directors' and other key management personnel's equity holdings are disclosed in Note 5.

(d) Other transactions with key management personnel and related parties

	Consolidated Group	
	2021	**2020**
	$	**$**
Amount payable to key management personnel and other related parties		
- Susan Walstab (John Walstab's sister)	-	65,610
- Youngchun Kim	-	145,546
	-	211,156
Loans from key management personnel and other related parties		
- John Walstab (unsecured)	-	264,078
- Drew Townsend	962,326	964,916
Accrued interest payable on loans from directors and directors related parties at 10% per annum		
- John Walstab	2,140,513	2,058,902
- Drew Townsend	222,863	109,964
	3,325,702	3,397,861
Disclosed as:		
Non-Current liability (Note 22)	-	-
Current liability (Note 22)	3,325,702	3,397,861
	3,325,702	3,397,861
Payment for accountancy services to Hall Chadwick Chartered Accountants of which Drew Townsend is a Partner	-	3,261
Payment for sales commission earnt (related to Susan Walstab, sister of John Walstab)	-	65,610
Interest expense/(income) on loans from/(to) Directors		
- John Walstab	81,610	(329,539)
- Drew Townsend	43,448	(99,537)

(e) Loans from key management personnel

2021	Balance at beginning of the year	Interest payable for the year	Loans (repayments) made during the year	Balance at end of the year	Highest balance in the year
John Walstab					
- Loan	264,078	-	(264,078)	-	264,078
- Accrued Interest	2,058,902	228,175	(146,564)	2,140,513	2,140,513
Drew Townsend					
- Loan	964,916	-	(2,590)	962,326	962,326
- Accrued Interest	109,964	112,899	-	222,863	222,863
2020					
John Walstab					
- Loan	61,934	-	202,144	264,078	264,078
- Accrued Interest	4,626,245	329,539	(2,896,882)	2,058,902	2,058,902
Drew Townsend					
- Loan	899,996	-	64,920	964,916	964,916
- Accrued Interest	10,427	99,537	-	109,964	109,964

NOTE 31: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks:

1. Market risk – including:
   - (i) Foreign exchange risk
   - (ii) Interest rate risk
   - (iii) Price risk
2. Credit risk, and
3. Liquidity risk

1 (i). Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The Group does not hedge and therefore is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's functional currency. The Group monitors movements in exchange rates.

The following table shows the foreign currency exposure on the financial assets and liabilities of the Group's operations, denominated in currencies other than the functional currency of the operations.

	Converted to Australian dollars	
	2021	**2020**
	$000	**$000**
Cash and Receivables:		
China RMB	8	137
Euro	1	4
US dollars	73	18
New Zealand dollars	1,977	808
Korea WON	8,972	11,097
Thai Baht	9,918	7,256
Philippine Peso	624	789
Total amounts receivable in foreign currencies	21,573	20,109
Payables:		
China RMB	259	217
Euro	1	1
US dollars	-	2,155
New Zealand dollars	1	6
Korea WON	4,157	10,699
Thai Baht	1,073	863
Philippine Peso	138	158
Total amounts payable in foreign currencies	5,629	14,099

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

NOTE 31: FINANCIAL RISK MANAGEMENT (CONTINUED)

1 (i). Foreign exchange risk (continued)	**2021**		**2020**	
	$000	**$000**	**$000**	**$000**
Financial Assets: If foreign exchange rates changed by +10% (value of Australian dollar weakens) or -10% (value of Australian dollar improves) with no change to any other amounts, the following impact will be noted:				
	+10%	**-10%**	**+10%**	**-10%**
Increase/ (decrease) in profit	1,904	(2,328)	1,828	(2,234)
Increase/ (decrease) in net assets	1,904	(2,328)	1,828	(2,234)
Financial Liabilities: If foreign exchange rates changed by +10% (value of Australian dollar weakens) or -10% (value of Australian dollar improves) with no change to any other amounts, the following impact will be noted:				
	+10%	**-10%**	**+10%**	**-10%**
Increase/ (decrease) in profit	499	(610)	1,272	(1,567)
Increase/ (decrease) in net assets	499	(610)	1,272	(1,567)

(ii). Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. Interest rate risk is managed using a mix of fixed and floating rate debt as detailed below.

			Floating Interest Rate		**Fixed Interest Rate Maturing**				**Non-Interest Bearing**		**Total**	
	Weighted Average Interest Rate				**Less than 1 Year**		**1 to 5 Years**					
	%		**$ 000**		**$ 000**		**$ 000**		**$ 000**		**$ 000**	
Consolidated	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Financial assets:												
Cash	0.1%	0.1%	11,945	8,765	-	-	-	-	-	-	11,945	8,765
Trade & Other Receivables			-	-	-	-	-	-	14,842	14,963	14,842	14,963
Renewable Energy Certificates			-	-	-	-	-	-	22	3	22	3
Shares in Listed Companies			-	-	-	-	-	-	19	21	19	21
Other loans – non-interest bearing			-	-	-	-	-	-	443	-	443	-
Loans	10%	10%	-	-	-	-	254	183	-	-	254	183
Term deposits	1.7%	1.7%	-	-	692	1,019	-	-	-	-	692	1,019
Deposits			-	-	-	-	-	-	1,616	2,065	1,616	2,065
Convertible note			-	-	-	-	413	380	-	-	413	380
Other financial assets			-	-	-	-	-	-	6,156	5,884	6,156	5,884
Total financial assets			11,945	8,765	692	1,019	667	563	23,098	22,936	36,402	33,283
Financial liabilities:												
Lease liability	4.3%	4.3%	-	-	499	929	106	476	-	-	605	1,405
Bank and other loans	13.2%	13.2%	-	-	6,753	7,435	-	-	1,097	1,457	7,850	8,892
Trade and other creditors			-	-	-	-	-	-	11,586	12,281	11,586	12,281
Contract liabilities			-	-	-	-	-	-	4,039	7,077	4,039	7,077
Total financial liabilities			-	-	7,252	8,364	106	476	16,722	20,815	24,080	29,655

NOTE 31: FINANCIAL RISK MANAGEMENT (CONTINUED)

1 (iii). Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities.

The Group is exposed to movement in the market values of Renewable Energy Certificates (“RECs”) and shares in listed companies.

2. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Group. The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Credit risk is managed through the maintenance of procedures including the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties, ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Within the Group, credit terms are generally 30 to 60 days from the invoice date.

Risk is also minimised through investing any surplus funds in financial institutions that maintain a high credit rating.

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 of those financial assets as presented in the balance sheet.

3. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group 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
- maintaining a reputable credit profile
- managing credit risk related to financial assets.

Financial liability maturity analysis

	After 1 month, within 1 year $ 000		1 to 5 Years $ 000		Total $ 000	
Consolidated	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Financial liabilities:						
Lease liability	499	929	106	476	605	1,405
Bank and other loans	7,351	8,892	-	-	7,351	8,892
Trade and other creditors	11,102	11,401	484	880	11,586	12,281
Contract liabilities	3,918	6,840	121	237	4,039	7,077
Total financial liabilities	22,870	28,062	711	1,593	23,581	29,655

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

NOTE 32: PARENT ENTITY INFORMATION

	Consolidated Group	
	2021	2020
	$ 000	$ 000
Current assets	16	-
Total assets	15,650	6,557
Current liabilities	5,439	4,807
Total liabilities	23,806	13,137
Shareholders' equity:		
Issued capital	16,252	85,229
Retained earnings	(24,407)	(91,809)
	(8,155)	(6,580)
Loss for the year	(1,576)	(1,379)
Total comprehensive loss	(1,576)	(1,379)

NOTE 33: COMPANY DETAILS

The registered office of the Company and the principal place of business is:
Quantum Health Group Limited
22 Rosebery Avenue, Rosebery, NSW 2018 Australia

NOTE 34: IMPACT OF COVID-19 AND EVENTS SUBSEQUENT TO BALANCE DATE

The impact of COVID-19 pandemic is ongoing. Management is closely monitoring the evolution of this pandemic and the response of the governments, particularly restrictions in place to contain this virus and how this will impact the Group and the economy, as a whole.

The Group continues to achieve budgeted results up to 31 August 2021 and management believes it will continue to do so even through the extent of the impact COVID-19 may have on its future liquidity, financial performance and position and operations is uncertain and cannot be reasonably estimated at the date these financial statements were issued.

With significant term deposit and cash on hand, the group is positively placed to manage the impact of this health crisis in the short term. Management is currently monitoring and assessing the ongoing development and have appropriate plans in place to respond accordingly.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:
(a) the Group’s operations in future financial years;

(b) the results of those operations in future financial years;

(c) the Group’s state of affairs in future financial years.

SECURITIES EXCHANGE INFORMATION

(a) Distribution of Shareholders as at 22 September 2021

Fully Paid Ordinary Shares

Holdings Ranges	Holders	Total Units	%
1-1,000	90	39,646	0.001
1,001-5,000	223	710,464	0.060
5,001-10,000	263	2,148,016	0.190
10,001-100,000	505	17,964,719	1.590
100,001-9,999,999,999	251	1,107,445,446	98.150
Totals	**1,332**	**1,128,308,291**	**100.000**

(b) There are currently 401 holders with less than a marketable parcel of 7,576 shares

(c) The names of the substantial shareholders and the number of shares to which each of the substantial shareholder and their associates have a relevant interest, as disclosed in the substantial shareholding notices given to the Company, are set out below:

Directors	Shares
J. Walstab	514,712,393
D.A. Townsend	125,138,380

(d) Unquoted equity securities
There are no options issued.

(e) Voting Rights
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.

(f) 20 Largest Shareholders – Ordinary Shares as at 22 September 2021

Name/Address 1	Balance	%
MR JOHN WALSTAB	512,182,377	45.394%
REALM GROUP PTY LTD	108,151,695	9.585%
MR PHILLIP SIDNEY	85,000,000	7.533%
YOUNGCHUN KIM	44,000,000	3.900%
MRS SANDRA JOAN MCDONALD & MR ANDREW MCDONALD	18,528,909	1.642%
MR RICHARD ALBARRAN	16,222,754	1.438%
MR DAVID KENNEY	16,222,754	1.438%
MR DREW TOWNSEND	16,222,752	1.438%
FINCLEAR SERVICES NOMINEES PTY LIMITED	16,000,000	1.418%
MR DAVID FAIRFULL	12,978,202	1.150%
MRS SANDRA JOAN MCDONALD & MR ANDREW MCDONALD	11,505,000	1.020%
MR JOHN ROBERT MCGEACHIE & MRS JENNIFER ANN MCGEACHIE	11,469,949	1.017%
DIXSON TRUST PTY LIMITED	11,422,414	1.012%
MR BARRY RAYMOND NELSON & MR BRAD ANDREW NELSON	8,400,000	0.744%
DONG SUN IM	6,000,000	0.532%
SEOK SANGYUP	6,000,000	0.532%
JANG HW	6,000,000	0.532%
MR ANDREW MCDONALD	5,856,000	0.519%
DEBUSCEY PTY LTD	5,684,913	0.504%
JETAN PTY LTD	5,000,000	0.443%

SECURITIES EXCHANGE INFORMATION (CONTINUED)

(g) On-market buy-backs

There is no on-market buy-back currently in place in relation to the securities of the Company.

(h) Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited.

MATERIAL DIFFERENCE TO APPENDIX 4E

There are no material differences to the financial statements set out in this report when compared to the information set out in the Company's Appendix 4E preliminary final statement released to the ASX on 30 August 2021.