

Quantify Technology Holdings Limited ABN 25 113 326 524

Appendix 4D for the period ended 31 December 2017

1. The reporting period is from 1 July 2017 to 31 December 2017. The previous corresponding period is 1 July 2016 to 31 December 2016.
Both of these periods were prepared in accordance with AASB 134 Interim Financing Reporting. The information contained in this document should be read in conjunction with the Quantify Technology Holdings Ltd FY2017 Annual Report.
2. Results for announcement to the market. \$
 - 2.1 Revenue from ordinary activities down 90.0% to 10,431
 - 2.2 Profit (loss) from ordinary activities after tax attributable to members up 95.5% to (4,298,718)
 - 2.3 Net profit (loss) for the period attributable to members up 95.5% to (4,298,718)
 - 2.4 Dividend distributions
No dividends have been paid or declared since the start of the financial year.
 - 2.5 Record date for determining entitlement to the dividends N/A
 - 2.6 Explanation of figures in 2.1 to 2.4 that may be required
Refer to Review of Operations within the Half-year Report
3. Net tangible assets per ordinary security
 - 3.1 Current period (\$ / share) \$ 0.0033
 - 3.2 Previous corresponding period (\$ / share) \$ 0.0024
4. Accounting standards used by foreign entities
The financial statements of subsidiaries are prepared using consistent accounting policies for the same reporting period as the parent company.
The foreign subsidiaries prepare their accounts under accounting standards that are equivalent to International Financial Reporting Standards.
5. Qualifications of audit/review No qualifications



Half-year
report **2018**

CONTENTS

CORPORATE DIRECTORY2

DIRECTORS’ REPORT3

AUDITOR’S INDEPENDENCE DECLARATION.....6

FINANCIAL REPORT7

DIRECTORS’ DECLARATION23

INDEPENDENT AUDITOR’S REVIEW REPORT24



CORPORATE DIRECTORY

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Executive Directors

Aidan Montague
Mark Lapins

Non-Executive Director

Alex Paior

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ASX Ticker Code

QFY.ASX

ABN

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DIRECTORS' REPORT

Your Directors submit the Interim Report of Quantify Technology Holdings Limited and its subsidiaries ("Quantify Technology" or the "Group") for the half-year ended 31 December 2017. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are detailed below. Directors were in office for the entire period unless otherwise stated.

Aidan Montague – Executive Chairman
Alex Paior – Non-Executive Director
Mark Lapins – Chief Executive Officer (CEO)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year were the continued and accelerated development of the Q Device within the Internet of Things ("IoT") market, the assessment of new investment opportunities and a focused transition towards product commercialisation.

OPERATING RESULTS FOR THE HALF-YEAR

The net loss after tax of the consolidated entity for the period was \$4,298,718 after income tax (FY2017 H1: net loss after tax of \$2,199,387).

REVIEW OF OPERATIONS

During FY2018 H1, Quantify Technology made significant progress in terms of both the development and commercialisation of its flagship product, the Q Device.

Supply of Q Device to Wallaroo Shores Development

In July 2017, Quantify Technology announced that it will supply its revolutionary Q Device to the multimillion dollar Wallaroo Shores Development in South Australia.

The Group will supply 2,000-2,500 devices for the 100 townhouses under construction for the Mantra Wallaroo Shores Resort, a \$40 million, four-star development that will be managed by Mantra Group (ASX: MTR), a leading Australian accommodation hotel and resort marketer and operator.

This is the first stage of an estimated \$220 million development by Copper Coast Investments at its Wallaroo Shores site, and Quantify Technology's platform will be exclusively promoted and installed throughout the entire development: approximately 656 residential dwellings—including 134 retirement apartments—and a mixed use precinct.

Early estimates suggest an additional 13,500 devices will be required generating revenue in excess of \$2 million over the life of the development.

Focus on Commercialisation and Restructure

In September 2017, Quantify Technology restructured the Company with a focus on moving toward commercialisation, and appointed a General Manager. The appointment focused on transitioning Quantify's technology, including its flagship product, the Q Device, towards commercialisation. Quantify Technology continues to focus on building strong and viable sales pipelines for the future.

In October 2017, Quantify Technology secured an agreement with the largest franchise of the Harvey Norman Group (ASX: HVN) - Harvey Norman Commercial Division (HNCD) NSW and ACT for the promotion and sale of Quantify Technology's products.

The deal will potentially generate \$20 million to \$30 million in annual sales for Quantify.

HNCD NSW/ACT provides an extensive selection of brand-name products to builders, developers, architects and designers and has offices, showrooms and warehouse facilities in Sydney, the Central Coast, Nowra and Canberra.

Under the move, HNCD is promoting and selling Quantify Technology's products into commercial and residential development projects throughout NSW and the ACT.

As part of the agreement, Quantify Technology will be establishing a demonstration facility at HNCD's showroom at Taren Point in NSW during FY2018 H2, and are providing training and engineering support to HNCD's personnel.

Solid progress with product suite developments

Quantify Technology has successfully integrated the Company's hardware with the Amazon Alexa voice service via its Qumulus skill for Alexa. Alexa is the cloud-based voice service from Amazon. Alexa is the brain behind Amazon Echo and other Alexa-enabled devices. The pairing of the technologies opens up a wide range of new vertical applications for retirement living, hospitality, healthcare and other industries that will benefit from solution that allows natural language, conversational commands to control its living spaces. The solution is being developed to allow a seamless integration that is a part of every room of every building.

The integration of the Company's technology with Alexa leverages the power and scale of the Alexa voice service. The continuing investment by Amazon in the Alexa platform provides Quantify Technology a continually expanding service to develop against – protecting the Company's investment in voice control features. The integrated solution is installed in Quantify Technology's demonstration apartment on York Street, Sydney where it can be viewed by prospective strategic partners and clients. It will also be available as part of the go-to-market strategy with Harvey Norman Commercial Division and will be available for demonstration in their display suite.

Capital raising to accelerate growth

In November 2017, Quantify Technology successfully completed a \$5 million placement. The placement is split into two tranches, the first tranche of \$3.8 million was completed in November 2017, with the second tranche of \$1.2 million completing post-balance date in January 2018.

This placement was significantly oversubscribed with support from new and existing institutional, sophisticated and professional investors.

The proceeds from the capital raising are to be used to accelerate the development of Quantify's technology to deliver into leading commercial developments throughout Australia. The funds will also be used to fast-track the certification of the integration of the Company's hardware & Qumulus cloud platform with the Amazon Alexa voice service as well as the development of further advancements and integrations of the Q Device with innovative technologies.

DIVIDENDS

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the half-year.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 24 January 2018, Quantify Technology successfully completed the second tranche of the capital raising, to raise \$1.2 million.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year report. This Independence Declaration is set out on page 6 and forms part of this Directors' report for the half-year ended 31 December 2017.

Signed in accordance with a resolution of the Directors.



Aidan Montague
Director
28 February 2018

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Quantify Technology Holdings Ltd for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
28 February 2018

M R Ohm
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

FINANCIAL REPORT

CONDENSED STATEMENT OF COMPREHENSIVE INCOME.....	8
CONDENSED STATEMENT OF FINANCIAL POSITION.....	9
CONDENSED STATEMENT OF CHANGES IN EQUITY.....	10
CONDENSED STATEMENT OF CASH FLOWS.....	11
NOTES TO THE CONDENSED FINANCIAL STATEMENTS.....	12
NOTE 1. BASIS OF PREPARATION	12
NOTE 2. SIGNIFICANT ACCOUNTING POLICIES.....	12
NOTE 3. SEGMENT ASSETS AND LIABILITIES.....	15
NOTE 4. EARNINGS PER SHARE.....	15
NOTE 5. INTANGIBLE ASSETS.....	16
NOTE 6. CONTRIBUTED EQUITY	17
NOTE 7. RESERVES	17
NOTE 8. SHARE-BASED PAYMENTS.....	18
NOTE 9. COMMITMENTS.....	22
NOTE 10. CONTINGENCIES.....	22
NOTE 11. FINANCIAL INSTRUMENTS.....	22
NOTE 12. SUBSEQUENT EVENTS	22
DIRECTORS' DECLARATION	23
INDEPENDENT AUDITOR'S REVIEW REPORT	24

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

		Consolidated	
	Notes	Dec-17	Dec-16
Revenue			
Other income		\$ 10,431	\$ 103,800
Expenses			
Administration and corporate		\$ (997,387)	\$ (481,569)
Marketing expenses		(85,979)	(171,657)
Occupancy costs		(155,530)	(94,834)
Travel		(71,420)	(81,412)
Depreciation		(51,718)	(10,008)
Employee benefits		(2,926,120)	(1,442,287)
Financing costs		(20,995)	(21,421)
(Loss) before income tax		\$ (4,298,718)	\$ (2,199,387)
Income tax expense		\$ -	\$ -
(Loss) after tax		\$ (4,298,718)	\$ (2,199,387)
Other comprehensive income (OCI)			
Other comprehensive income		\$ -	\$ -
Other comprehensive income net of tax for the period		\$ -	\$ -
Total comprehensive loss for the year		\$ (4,298,718)	\$ (2,199,387)
Loss per share (\$ per share)			
- basic loss per share	4	\$ (0.01)	\$ (0.01)
- diluted loss per share	4	(0.01)	(0.01)

The Condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Consolidated	
	Notes	Dec-17	Jun-17
Assets			
Current Assets			
Cash and cash equivalents		\$ 3,074,903	\$ 2,887,736
Trade and other receivables		179,969	1,048,722
Prepayments		8,490	8,490
Total		\$ 3,263,362	\$ 3,944,948
Non - Current Assets			
Trade and other receivables		\$ -	\$ 28,409
Property, plant and equipment		215,570	156,950
Intangible assets	5	7,822,882	6,833,591
Total		\$ 8,038,452	\$ 7,018,950
Total Assets		\$ 11,301,814	\$ 10,963,898
Liabilities			
Current Liabilities			
Trade and other payables		\$ (1,414,222)	\$ (1,076,899)
Interest-bearing loans and borrowings		(335,156)	(340,476)
Provisions		(127,687)	(131,705)
Total		\$ (1,877,065)	\$ (1,549,080)
Non - Current Liabilities			
Interest-bearing loans and borrowings		\$ (17,905)	\$ (17,905)
Total		\$ (17,905)	\$ (17,905)
Total Liabilities		\$ (1,894,970)	\$ (1,566,985)
Net Assets		\$ 9,406,844	\$ 9,396,913
Equity			
Contributed equity	6	\$ 26,542,330	\$ 22,970,330
Reserves	7	1,994,438	1,257,789
Accumulated losses		(19,129,924)	(14,831,206)
Equity attributable to owners of the parent		\$ 9,406,844	\$ 9,396,913

The Condensed statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Issued Capital	Share-Based Payment Reserve	Retained Earnings	Total
Balance at 1 July 2016	\$ 9,592,781	\$ 190,587	\$ (3,169,663)	\$ 6,613,705
Comprehensive Income				
(Loss) after income tax expense for the year	\$ -	\$ -	\$ (2,199,387)	\$ (2,199,387)
Total Comprehensive (loss) for the year	\$ -	\$ -	\$ (2,199,387)	\$ (2,199,387)
Other equity transactions				
Settlement of advisor costs	148,800	-	-	148,800
Issue of shares - employees	60,000	-	-	60,000
Issue of shares - working capital	129,000	-	-	129,000
Total	\$ 337,800	\$ -	\$ -	\$ 337,800
Equity at 31 December 2016	\$ 9,930,581	\$ 190,587	\$ (5,369,050)	\$ 4,752,118
Balance at 1 July 2017	\$ 9,930,581	\$ 190,587	\$ (5,369,050)	\$ 4,752,118
Comprehensive Income				
Loss for the year	\$ -	\$ -	\$ (4,298,718)	\$ (4,298,718)
Total	\$ -	\$ -	\$ (4,298,718)	\$ (4,298,718)
Other equity transactions				
Shares issued as part of capital raising	\$ 3,800,000	\$ -	\$ -	\$ 3,800,000
Transaction costs relating to issue of shares	(228,000)	-	-	(228,000)
Share-based payment - Employee Option Plan	-	139,943	-	139,943
Share-based payment - employee shares ¹	-	38,968	-	38,968
Share-based payment - performance rights	-	125,301	-	125,301
Share-based payment - Contract Options	-	432,437	-	432,437
Total	\$ 3,572,000	\$ 736,649	\$ -	\$ 4,308,649
Equity at 31 December 2017	\$ 26,542,330	\$ 1,994,438	\$ (19,129,924)	\$ 9,406,844

¹ Employee shares are fully paid ordinary shares, which have service-based vesting conditions. As at 31 December 2017, 322,088 shares remained unvested.

The Condensed statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

		Consolidated	
	Notes	Dec-17	Dec-16
Cash flows from operating activities			
Payments to suppliers and employees		\$ (3,180,558)	\$ (2,090,401)
Interest received		13,943	2,704
Interest paid		(26,315)	-
Other tax receipts / (payments)		902,925	-
Other receipts		-	100,000
Net cash used in operating activities		\$ (2,290,005)	\$ (1,987,697)
Cash flows from investing activities			
Purchase of property, plant and equipment		\$ (110,338)	\$ (45,238)
Development costs of intangible assets	5	(989,291)	(329,381)
Net cash used in investing activities		\$ (1,099,629)	\$ (374,619)
Cash flows from financing activities			
Proceeds from issue of shares	6	\$ 3,800,000	\$ 647,800
Transaction costs related to issues of securities	6	(228,000)	-
Proceeds from issue of convertible notes		-	1,091,900
Net cash from financing activities		\$ 3,572,000	\$ 1,739,700
Net increase / (decrease) in cash and cash equivalents		\$ 182,366	\$ (622,616)
Cash and cash equivalents			
Cash and cash equivalents at beginning of period		\$ 2,887,736	\$ 950,977
Net foreign exchange differences		4,802	1,097
Net increase in cash and cash equivalents		182,366	(622,616)
Cash and cash equivalents at the end of period		\$ 3,074,903	\$ 329,458

The Condensed statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 1. BASIS OF PREPARATION

The condensed interim consolidated financial statements (the interim financial statements) are general purpose interim financial statements and have been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The interim financial statements comprise the condensed interim financial statements for the Group. For the purposes of preparing the interim financial statements, the Company is a for-profit entity.

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2017 and any public announcements made by Quantify Technology Holdings Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The interim financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets.

The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

I. Statement of compliance

The interim financial statements were authorised for issue on 28 February 2018.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

II. Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2017

In the period ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2017. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

III. Significant accounting estimates and judgements

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2017.

IV. Reverse acquisition

Quantify Technology Pty Ltd's acquisition by Quantify Technology Holdings Ltd in the prior financial year has the features of a reverse acquisition under Australian Accounting Standard AASB 3 "Business Combinations", notwithstanding the Company being the legal parent of the Group. Consequently, the historical financial information presented in this Report for the period ended 31 December 2016 is the historical financial information of Quantify Technology Pty Ltd.

The acquisition of the Company by Quantify is outside the scope of AASB 3 as the accounting acquiree does not constitute a business as defined by this Standard. In this instance, the principles of reverse acquisition accounting are applied to determine the accounting acquirer but the transactions are accounted for as share-based payments by the accounting acquirer for the net identifiable assets of the accounting acquiree in accordance with AASB 2 "Share-based Payment".

The legal structure of the Group subsequent to the acquisition of Quantify Technology is that the Company is the legal parent entity. However, the principles of reverse acquisition accounting are applicable where the owners of the acquired entity (in this case, the Company) obtain control of the acquiring entity (in this case, Quantify) as a result of the business' combination.

Under reverse acquisition accounting, the condensed interim consolidated financial statements are issued under the name of the legal parent (the Company) but are a continuation of the financial statements of the legal subsidiary (Quantify), with the assets and liabilities of the legal subsidiary being recognised and measured at their pre-combination carrying amounts rather than their fair values.

V. Going concern

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

For the period ended 31 December 2017, the Group incurred a loss of \$4,298,718 and had cash outflows from operating activities of \$2,290,005 and investing activities of \$1,099,629. The Group had available cash and cash equivalents of \$3,074,903 as at 31 December 2017. In addition, during January 2018 the Group successfully raised \$1,200,000 by issuing 20,002,000 shares. This was the second and final tranche of the capital raising announced in November 2017.

The Group is expecting to both enter production phase and to be generating revenue streams in FY2019. In the event that these expectations are not met, the Group has sufficient cash reserves to sustain the business for beyond 12 months of the date of approval of this report.

Accordingly, the financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

NOTE 3. SEGMENT ASSETS AND LIABILITIES

I. Identification of reportable segments

AASB 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group’s operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group’s operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

II. Reportable segments

Based on the quantitative thresholds included in AASB 8, there is only one reportable segment, being development and manufacturing and one geographical segment, namely Australia.

III. Presentation of segment

The revenues and results of this segment are those of the Group as a whole and are set out in the consolidated statement of comprehensive income and the assets and liabilities of the Group as a whole are set out in the consolidated statement of financial position.

NOTE 4. EARNINGS PER SHARE

	Dec-17	Dec-16
Net loss for the year	\$ (4,298,718)	\$ (2,199,387)
Weighted average number of share on issue	433,714,153	229,465,897
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)

Losses per share is calculated as net loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

As the Group is loss making, there is no dilutive effect of the issued securities.

NOTE 5. INTANGIBLE ASSETS

I. Net carrying amount

	Development	Patents & Trademarks	Total
BALANCE 1 JULY 2016	\$ 5,666,945	\$ 631,062	\$ 6,298,007
Additions	\$ 635,222	\$ 137,179	\$ 772,401
R&D grant offset	(236,817)	-	(236,817)
Total	\$ 398,405	\$ 137,179	\$ 535,584
BALANCE 1 JULY 2017	\$ 6,065,350	\$ 768,241	\$ 6,833,591
Additions	\$ 842,717	\$ 146,574	\$ 989,291
Total	\$ 842,717	\$ 146,574	\$ 989,291
BALANCE 31 DECEMBER 2017	\$ 6,908,067	\$ 914,815	\$ 7,822,882

NOTE 6. CONTRIBUTED EQUITY

	Shares		\$	
	Dec-17	Jun-17	Dec-17	Jun-17
ORDINARY SHARES ON ISSUE				
Ordinary shares issued and fully paid	486,378,859	423,043,526	\$ 26,542,330	\$ 22,970,330

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

I. Movements in ordinary share capital

	Shares		\$	
	Dec-17	Jun-17	Dec-17	Jun-17
ORDINARY SHARES ON ISSUE				
At start of period	423,043,526	224,119,501	\$ 22,970,330	\$ 9,592,781
Shares issued during the year	-	-	\$ -	\$ -
Settlement of advisor costs	-	2,596,669	\$ (228,000)	\$ 148,800
Issue of 1,000,000 shares - employees	-	1,000,000	-	60,000
Issue of 2,150,000 shares - working capital raising	-	2,149,999	-	129,000
Elimination of shares	-	(229,866,169)	\$ -	\$ -
Shares issued to acquire subsidiary	-	5,564,983,246	-	-
83 to 1 consolidation of shares	-	(5,497,933,173)	-	-
Shares issued to Quantify shareholders	-	250,000,000	-	7,161,451
Shares issued to convertible note holders	-	10,833,333	-	650,000
Shares issued to Class C shareholders	-	11,826,787	-	709,607
Shares issued as part of capital raising	63,335,333	83,333,333	3,800,000	5,000,000
Transaction costs relating to issue of shares	-	-	-	(307,500)
Options issued to brokers related to the acquisition	-	-	-	(173,809)
At end of period	486,378,859	423,043,526	\$ 26,542,330	\$ 22,970,330

The movement in ordinary shares during the half-year ended 31 December 2017 is comprised of the following transactions:

- 63,335,333 shares were issued in a \$3.8 million capital raising at \$0.06 on 30 November 2017.

NOTE 7. RESERVES

	Dec-17	Jun-17
RESERVES		
Options reserve	\$ 850,902	\$ 710,960
Share rights reserve	504,761	465,792
Performance rights reserve	206,338	81,037
Contract options	432,437	-
	<u>\$ 1,994,438</u>	<u>\$ 1,257,789</u>
MOVEMENT IN RESERVES		
Opening balance	\$ 1,257,789	\$ 190,587
Movement for year	736,649	1,067,202
Total	<u>\$ 1,994,438</u>	<u>\$ 1,257,789</u>

NOTE 8. SHARE-BASED PAYMENTS

OPTIONS

Grant	Balance at start of the year	83 to 1 Consolidation	Rights issued during the year	Number Exercised	Forfeited / Lapsed	Balance at end of year	Tranche 1 Expiry date
FY2017							
WHL listed options	3,638,715	-	-	-	(3,638,715)	-	30 Nov 2016
WHL listed options	608,361,121	(601,031,156)	-	-	-	7,329,965	30 Jun 2018
WHL unlisted options	19,300,000	(19,067,461)	-	-	-	232,539	3 Dec 2017
WHL unlisted options	350,000,000	(345,783,095)	-	-	-	4,216,905	31 Jul 2018
Advisor options	-	-	8,747,626	-	-	8,747,626	30 Sep 2019
Bid options	-	-	61,325,622	-	-	61,325,622	30 Sep 2019
Broker options	-	-	5,000,000	-	-	5,000,000	30 Sep 2019
EOP	-	-	6,910,543	-	-	6,910,543	30 Sep 2019
Consultant options	-	-	2,000,000	-	-	2,000,000	4 Apr 2020
Contract options							
Total	981,299,836	(965,881,712)	83,983,791	-	(3,638,715)	95,763,200	
FY2018 H1							
WHL listed options	7,329,965	-	-	-	-	7,329,965	30 Jun 2018
WHL unlisted options	232,539	-	-	-	(232,539)	-	3 Dec 2017
WHL unlisted options	4,216,905	-	-	-	-	4,216,905	31 Jul 2018
Advisor options	8,747,626	-	-	-	-	8,747,626	30 Sep 2019
Bid options	61,325,622	-	-	-	-	61,325,622	30 Sep 2019
Broker options	5,000,000	-	-	-	-	5,000,000	30 Sep 2019
EOP	6,910,543	-	-	-	-	6,910,543	30 Sep 2019
Consultant options	2,000,000	-	4,000,000	-	-	6,000,000	4 Apr 2020
Copper Coast options	-	-	12,500,000	-	-	12,500,000	4 Apr 2020
Total	95,763,200	-	16,500,000	-	(232,539)	112,030,661	

I. CONSULTANT OPTIONS

VALUATION OF CONSULTANT OPTIONS ISSUED DURING THE PERIOD

Exercise price	\$0.100
Expiry date	04-Apr-20
Risk-free rate	1.63%
Volatility	100%
Value per option	\$0.046
Number of options	4,000,000
Total value of options issued	\$185,835
Total value of consultant options	\$278,752
Amount expensed in prior years	\$27,439
Amount expensed in current year	\$111,060
Amount to be expensed in future years	\$140,253

MOVEMENT IN CONSULTANT OPTIONS

Option movements as held by Quantify are as follows:

	2017	
	Number	WAEP
Outstanding - start of year	2,000,000	\$ -
Issued during period	4,000,000	\$ 0.100
Outstanding - end of period	6,000,000	\$ 0.100
Exercisable - end of the period	1,200,000	

CONSULTANT OPTIONS EXERCISED DURING THE PERIOD

No consultant options were exercised during the period.

II. COPPER COAST OPTIONS

VALUATION OF COPPER COAST OPTIONS

Exercise price	\$0.075
Expiry date	30-Sep-19
Risk-free rate	1.75%
Volatility	100%
Value per option	\$0.035
Number of options	12,500,000
Total value of options	\$432,437
Amount expensed in prior years	\$ -
Amount expensed in current period	\$432,437
Amount to be expensed in future periods	\$-

MOVEMENTS IN COPPER COAST OPTIONS

Option movements as held by Quantify are as follows:

	2017	
	Number	WAEP
Outstanding - start of year	-	\$ -
Issued during period	12,500,000	\$ 0.075
Outstanding - end of period	12,500,000	\$ 0.075
Exercisable - end of the period	12,500,000	

COPPER COAST OPTIONS EXERCISED DURING THE PERIOD

No advisor options were exercised during the period.

SHARES & RIGHTS AWARDS

Grant	Balance at start of the year	Rights issued during the year ¹	Exercised	Forfeited / Lapsed	Balance at end of year	Vesting date
FY2018 H1						
Performance rights	12,500,000	-	-	-	12,500,000	30 Nov 2016
Performance shares	120,000,000	-	-	-	120,000,000	30 Jun 2018
Founder Performance shares	30,000,000	-	-	-	30,000,000	3 Dec 2017
Total	162,500,000	-	-	-	162,500,000	

1. All awards are issued at a zero exercise price.

SHARE-BASED PAYMENT EXPENSES

The expense recognised for share-based payments during the period is shown in the table below:

	Dec-17	Jun-17
Consultant options	\$ (111,060)	\$ (27,438)
Contract options	(432,437)	-
Employee options	(28,883)	(35,893)
Advisor options	-	(283,233)
Performance rights	(125,301)	(81,037)
Share rights	(38,968)	(465,792)
Class C Share issue	-	(709,607)
Total	\$ (736,649)	\$ (177,547)

NOTE 9. COMMITMENTS

	2017	2016
OPERATING LEASE AGREEMENTS		
Within one year	\$ 205,487	\$ 202,950
After one year but not more than five years	355,191	-
Total	\$ 560,678	\$ 202,950

As a result of increased R&D team to accelerate the commercialisation of the Q Device, Quantify entered into a 3 year office rental agreement and relocated premises, during the period ended 31 December 2017.

NOTE 10. CONTINGENCIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 11. FINANCIAL INSTRUMENTS

The methods and valuation techniques used for the purpose of measuring fair values are unchanged compared to the previous reporting period.

The carrying amounts of financial assets and liabilities are considered to be a reasonable approximation of their fair value.

NOTE 12. SUBSEQUENT EVENTS

Further to the announcement made on 22 November 2017, on 24 January 2018 Quantify Technology successfully completed the second and final tranche of the capital raising of \$1.2 million.

Aside from the above, there has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

DIRECTORS' DECLARATION

In the opinion of the Directors of Quantify Technology Holdings Limited (the "Group"):

- The accompanying interim financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - Giving a true and fair view of the Group's financial position at 31 December 2017 and of its performance for the half-year ended then ended; and
 - Complying with Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
- There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- The interim financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with sections 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2017.

This declaration is signed in accordance with a resolution of the board of Directors.



Aidan Montague
Chairman
On behalf of the Board.
28 February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Quantify Technology Holdings Limited

Report on the Condensed Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of Quantify Technology Holdings Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility


Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
28 February 2018



M R Ohm
Partner