Quantify Technology Holdings Limited ABN 25 113 326 524

Appendix 4D for the period ended 31 December 2018

1. The reporting period is from 1 July 2018 to 31 December 2018. The previous corresponding period is 1 July 2017 to 31 December 2017.

   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 FY2018 Annual Report.

2. Results for announcement to the market.

			$
2.1	Revenue from ordinary activities	up 257.7% to	37,307
2.2	Profit (loss) from ordinary activities after tax attributable to members	down 14.3% to	(3,685,968)
2.3	Net profit (loss) for the period attributable to members	down 14.3% to	(3,685,968)
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 deividends		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)	$ 0.0015
3.2	Previous corresponding period ($ / share)	$ 0.0033

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

QUANTIFY

truly intelligent buildings

Half-year report 2019

CONTENTS

CORPORATE DIRECTORY

Directors

Executive Directors

Brett Savill
Mark Lapins

Non-Executive Director

Peter Rossdeutscher
Gary Castledine

Auditor

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000
Telephone: +61 8 9227 7500

Company Secretary

Neville Bassett

Solicitor

Steinepreis Paganin
16 Milligan Street
Perth WA 6000
Telephone: +61 8 9321 4000

Principal Registered Office

Level 4, 216 St George's Terrace
Perth WA 6000
Telephone: +61 8 9410 1111

Share Register

Automic Share Registry Services
Level 2, 267 St George's Terrace
Perth WA 6000
Telephone: +61 8 9324 2099

ASX Ticker Code

QFY.ASX

ABN

23 113 326 524

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 2018. 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.

Peter Rossdeutscher – Non-Executive Chairman (Appointed 1 October 2018)
Mark Lapins –Executive Director
Brett Savill – Chief Executive Officer (CEO)
Gary Castledine – Non-Executive Director (Appointed 1 October 2018)
Alex Paior (Resigned 1 October 2018)
Lee Christensen (Resigned 1 October 2018)

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 $3,685,968 after income tax (FY2018 H1: net loss after tax of $4,298,718).

REVIEW OF OPERATIONS

During H1 FY2019, Quantify Technology Holdings ("Quantify Technology, the Company") (ASX:QFY) made significant progress in the development, commercialisation and sales of its revolutionary Q-Device product.

Sales Commence Through the Harvey Norman Commercial Display Suite

In July 2018, Quantify Technology's engineers successfully installed the Company's Q-Device product and Alexa integration in the Harvey Norman Commercial Display suite in the prestigious Burcham apartments. Located in the much sought-after suburb of Rosebery in Sydney, the apartment will showcase the residential application, scalability and flexibility of the Company's framework. The Harvey Norman commercial sales team will commence sales immediately to developers of residential and commercial development projects.

Major Purchase Order Received from Copper Coast

During September 2018, the Company received and accepted a major purchase order from Copper Coast Developments Pty Ltd ("Copper Coast") for $736,000 worth of its revolutionary Q-Device product, which will be installed in the multi-million-dollar Wallaroo Shores development in South Australia.

As announced on 31 July 2017, Quantify Technology agreed to provide its products to Copper Coast, with the installations expected to commence H1 FY2019 for the first 100 townhouses currently under construction in the Resort component of its Wallaroo Shores development, a $40 Million, four-star development that will be managed by Mantra Group (ASX:MTR), a leading Australian accommodation, hotel/resort operator and marketer.

These 100 townhouses and Function Centre are part of the estimated $220 million development by Copper Coast Investments at its Wallaroo Shores site. With a total of 650 residential, retirement and commercial lots, this sale represents a highly promising opportunity, with early estimates indicating that an additional 13,500 units will be required, which would result in over $2 million of revenue over the life of the development.

Figure 1 - Site Plan Wallaroo Shores Development

Board Restructure

As announced on 27 September 2018, Quantify Technology restructured its Board of Directors to contribute significant value to the Company, as it moves from technology development to commercialisation and sales.

As part of the board restructure, the Company appointed Peter Rossdeutscher as Chairman of Quantify Technology. Mr Rossdeutscher has more than twenty years' experience leading global technology companies in the resources industry. He has held previous roles as Managing Director of Gateway Asia and was responsible for building the business in the Asia region from inception, to a $320 million division of this US $8 billion, Fortune 500 company. He also held the role as Managing Director of Targus's Asia Pacific branch and led an international team of 200+ staff across all functions, which transformed the business and realised revenue growth from SGD$75 million to SGD$160 million over a 5-year period.

Brett Savill was appointed as CEO of Quantify Technology. Mr Savill has a 25-year track record in technology, media and telecoms and is a leader focussed on growth and transformation. He has also worked on or advised more than 30 M&A transactions. A former partner of PriceWaterhouse Coopers (UK) for 8 years, Mr Savill has also served as CEO of Free TV; the industry body representing Australia's commercial free-to-air television broadcasters. Prior to this, he held the position of Director of Strategy and Corporate Development & Head of Government Relations for Bai Communications, before being appointed as CFO of the organisation.

Under the board restructure, Mark Lapins resigned as CEO of Quantify Technology and has been appointed as the Company's Technical Director. As the Founder of Quantify Technology, Mark led the Company as CEO since 2013. With strong technical experience and having served as Managing Director of both Sierra Systems and Vieo Systems, Mark will continue to provide technical advice regarding technology, commercialisation and integrations.

Gary Castledine was appointed as a Non-Executive Director of Quantify Technology. Mr Castledine has a highly successful career in capital markets, which spans more than 25 years. With strong expertise in stockbroking, corporate advisory and investment banking, he is a Founding Director of Perth based Westar Capital, a corporate finance specialist with strong high net worth and institutional contacts. Under this role, Mr Castledine has participated in a range of capital raisings and Initial Public Offerings (IPO's) across a broad spectrum of industries. He thrives on working with young companies and helping them transition into successful, high-value organisations.

As part of the board restructure, Lee Christensen and Alex Paior resigned from the Quantify Technology board of directors. Appointed on 28 May 2018, Lee Christensen assisted the Company in the role of Interim Chairman, prior to the appointment of Peter Rossdeutscher as announced during the quarter. Alex Paior had served the Company as a Non-Executive Director since 2016.

This restructured Board of Directors provides a wealth of experience, knowledge and strategic advice, as the Company enters its next phase of domestic and international growth.

Partnership Signed with Powerhouse Home Automation Group

In October 2018, Quantify Technology entered into an Agreement ("Agreement") with Powerhouse Home Automation Group ("Powerhouse") in Western Australia. Powerhouse targets cutting edge technology in home automation, lifestyle, health care and IoT products in the Perth market, and has secured reseller agreements for products and solutions complementary to Quantify's product offering.

Powerhouse has a set up a product display showcase at Home Base Subiaco, through which they demonstrate and sell home automation and lifestyle products. Established in 1998, Home Base Subiaco is the largest building, renovating, decorating and landscaping centre in Australia, which covers three levels and boasts a database of 26,000 registered clients. Home Base attracts high traffic from electrical contractors, electrical consultants, developers, architects and retails consumers, which corresponds with the target market for the Quantify Technology products. Under the Agreement, Powerhouse will market and sell the Quantify Technology product range to visitors of the showcase at Home Base Subiaco and its existing database of customers.

During H1 FY2019, Quantify Technology entered into a Heads of Agreement ("HOA") with Perth based Mirreco Holdings Pty Ltd ("Mirreco"), whereby Quantify's products will be showcased in a display home in Perth, Western Australia. Mirreco is a Perth-based company, that creates fully sustainable building solutions from hemp, using proprietary polymer technologies which are capable of storing huge volumes of carbon.

After successfully completing the installation of its revolutionary Q-Device in the Harvey Norman Commercial Display (HNCD) Suite in the Burcham Apartments, the installation with Mirreco is set to be another display home for Quantify Technology in Australia, in which the Company's smart building solutions will be displayed and demonstrated. With active sales already underway through the HNCD in Sydney, the Mirreco display home will provide greater awareness and exposure for Quantify Technology's home automation products on the West coast of Australia.

Mirreco plans to construct the display home from carbon storing hemp, alongside other complementary organisations, including Quantify Technology. In conjunction with Landcorp, Mirreco will construct a display home at the Knutsford Project in Fremantle, with the completion of the home expected by May 2019. The Knutsford Project is expected to have at least 1,000 homes and will showcase the latest developments in sustainable materials and advanced technologies.

The display home will incorporate Quantify Technology's home automation products, which work to create intelligent solutions in homes, workplaces and communities. With Quantify's devices in place, users can control the functions of their home, such as lighting and power, using voice or touch.

Figure 2 – The proposed design of the Mirreco sustainable display home, in which Quantify Technology's product suite will be featured

Quantify Technology Hardware Passes Global Certification Test

As announced on 20 December 2018, the Quantity Technology hardware passed a global safety certification test, which is a critical step towards international market entry. Based the Quantify Technology hardware successfully passing this test, the Company has also applied for acceptance of the product under the global CB certification scheme.

The CB Scheme is a vast international arrangement established by the International Electrotechnical Commission (IEC) for mutual acceptance of test reports among participating certification organizations in the field of electrical and electronic equipment. The CB Scheme benefits product manufacturers and distributors engaged in international trade, by providing a single point of product testing for efficient global market access, and global acceptance of test reports which leads to national certification in CB Scheme member countries and unilateral acceptance of test reports in many developing countries, that are not yet participating in the CB Scheme.

Participation in the CB certification scheme will make it significantly easier for Quantify Technology to enter sales agreements in the relevant participating countries, which will drive the Company's strategy for international expansion into global markets.

Quantify Launches Industry Transforming Cloud Platform

On 5 November 2018, following the initial showcase at the Sydney launch, the Company's Qumulus cloud platform received significant industry support and highly positive feedback. The Qumulus cloud platform redefines and revolutionises installation, configuration and maintenance in the high-volume smart home market. As an initiative by the Company to deliver the Q -Device into the high-volume consumer-focused smart home market, the Qumulus cloud platform transforms the methodologies traditionally used in the building industry, by facilitating installation and remote configuration of smart home technology, lighting control or power management systems. Previously, these high installation and configuration costs, have formed a barrier to mass adoption, thereby preventing the market from implementing smart home technology as a standard feature of all buildings.

The Qumulus cloud platform removes this barrier for Quantify Technology, as it cuts through the noise of the smart home market, to deliver a Truly Intelligent Building Solution, in such a way that is simple to understand, install, configure and manage. The Qumulus suite of applications ensures significant time savings for builders, installers and users of the Company's intelligent platform. The technology also provides significant differentiation against industry competitors and this is a key factor that has driven the Company's investment in the development of the platform.

The investment by the Company in Qumulus will result in new revenue streams, which can be achieved through a fixed price, cloud-based commissioning service for customers. This pricing model can be applied to the commissioning of the technology in a single home, to pricing per apartment for large scale deployments. The Company also aims to offer ongoing management and maintenance, which will be at a significant cost saving to traditional systems – particularly in the commercial and volume retirement living markets.

Capital Raising to Drive Growth

On 8 October 2018, the Company announced a fully underwritten non-renounceable rights issue, whereby eligible shareholders were offered the opportunity to acquire new Fully Paid Shares in the Company on the basis of eight (8) shares for every eleven (11) shares held by Eligible Shareholders, on the record date. The offer was fully underwritten by Pinnacle Corporate Finance Pty Ltd.

As announced on 19 November 2018, the Company successfully completed the entitlement issue, raising $3.99m (before costs) through the issue of 399,363,485 ordinary fully paid shares.

Outlook

At the invitation of Quantify, Seattle based Senior Business Development Manager for Amazon's Alexa Smart Properties group, Brendan Gotch will be visiting Australia to co-host major breakfast events in Sydney and Perth with CEO Brett Savill to discuss technology and connected living. Quantify will use this opportunity to discuss sales opportunities and further increase future pipeline development with key visitors to the events.

The Company will also, with Brendan, be visiting directly with companies that represent significant sales opportunities whilst he is in Perth and Sydney. Brendan's trip to Australia is a significant opportunity to present our joint offerings to Quantify current and potential customers.

The new year also sees Quantify and the Australian Government providing funding and resources to the Curtin University Living Lab. Curtin University will provide PhD research into sustainable living and energy management, which Quantify will use to produce blueprints to promote the delivery of more energy efficient and environmentally friendly buildings.

Lastly, during the period ended 31 December 2018, the Company completed the fit-out of a pilot assisted living dwelling for St John of God Accord. The building is nearing completion and Quantify Technology staff will be completing configuration of the technology in the coming weeks. The house has received significant recognition already and, once completed, the Company, in conjunction with St John of God, will open the house to the industry, media partners and key government departments for showcasing of the solution prior to residents moving in to their new home.

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

Subsequent to 31 December 2018, as part of the Company's commercialisation strategy, Quantify Technology entered into a Memorandum of Understanding with CASwell Inc ("CASwell") to develop processes for the volume manufacture of the Company's products. CASwell is a Taiwanese Exchange-listed company and a subsidiary of Foxconn Technology Group. The Company is seeking to appoint CASwell, and other affiliated companies that are part of the Foxconn Technology Group, to manufacture Quantify Technology's product suite for the Australian and international markets.

The Company and CASwell will also investigate further partnership opportunities including the potential development of a distribution channel for Quantify Technology's products in Taiwan and mainland China.

CASwell, through its own business, and through its associated companies Ennoconn Corporation and Foxconn Technology Group, is uniquely placed to accelerate Quantify's commercialisation strategy.

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 9 and forms part of this Directors' report for the half-year ended 31 December 2018.

Signed in accordance with a resolution of the Directors.

Peter Rossdeutscher
Chairman
28 February 2019

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Quantify Technology Holdings Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia	**M R Ohm**
28 February 2019	**Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

FINANCIAL REPORT

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated			
		Dec-18		Dec-17	
Revenue					
Other income		$	37,307	$	10,431
Expenses					
Administration and corporate		$	(656,015)	$	(997,387)
Marketing expenses			(53,066)		(85,979)
Occupancy costs			(150,123)		(155,530)
Travel			(88,187)		(71,420)
Depreciation			(76,068)		(51,718)
Employee benefits			(2,521,634)		(2,926,120)
Financing costs			(178,182)		(20,995)
(Loss) before income tax		$	(3,685,968)	$	(4,298,718)
Income tax expense		$	-	$	-
(Loss) after tax		$	(3,685,968)	$	(4,298,718)
Other comprehensive income (OCI)					
Other comprehensive income		$	-	$	-
Other comprehensive income net of tax for the period		$	-	$	-
Total comprehensive loss for the year		$	(3,685,968)	$	(4,298,718)
Loss per share (cents per share)					
- basic loss per share	4		(0.38)		(1.00)
- diluted loss per share	4		(0.38)		(1.00)

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

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	Consolidated Dec-18	Consolidated Jun-18
Assets			
Current Assets			
Cash and cash equivalents		$ 2,161,131	$ 450,711
Trade and other receivables		128,215	1,729,432
Prepayments		59,381	2,400
Total		$ 2,348,727	$ 2,182,543
Non - Current Assets			
Trade and other receivables		$ -	$ 50,738
Property, plant and equipment		184,490	238,744
Intangible assets	5	7,684,903	7,549,312
Total		$ 7,869,393	$ 7,838,794
Total Assets		$ 10,218,120	$ 10,021,337
Liabilities			
Current Liabilities			
Trade and other payables		$ (823,910)	$ (746,719)
Interest-bearing loans and borrowings		-	(350,603)
Provisions		(208,109)	(208,754)
Total		$ (1,032,019)	$ (1,306,076)
Non - Current Liabilities			
Interest-bearing loans and borrowings		$ (17,905)	$ (17,905)
Total		$ (17,905)	$ (17,905)
Total Liabilities		$ (1,049,924)	$ (1,323,981)
Net Assets		$ 9,168,196	$ 8,697,356
Equity			
Contributed equity	6	$ 31,654,873	$ 27,889,850
Reserves	7	2,821,076	2,429,291
Accumulated losses		(25,307,753)	(21,621,785)
Equity attributable to owners of the parent		$ 9,168,196	$ 8,697,356

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 2018

	Consolidated			
	Issued Capital	Share-Based Payment Reserve	Accumulated Losses	Total
Balance at 1 July 2017	$ 22,970,330	$ 1,257,789	$ (14,831,206)	$ 9,396,913
Comprehensive Income				
(Loss) after income tax expense for the period	$ -	$ -	$ (4,298,718)	$ (4,298,718)
Total Comprehensive (loss) for the period	$ -	$ -	$ (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	-	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
Balance at 1 July 2018	$ 27,889,850	$ 2,429,291	$ (21,621,785)	$ 8,697,356
Comprehensive Income				
Loss for the period	$ -	$ -	$ (3,685,968)	$ (3,685,968)
Total Comprehensive (loss) for the period	$ -	$ -	$ (3,685,968)	$ (3,685,968)
Other equity transactions				
Shares issued as part of capital raising	$ 4,243,635	$ -	$ -	$ 4,243,635
Transaction costs relating to issue of shares	(493,612)	-	-	(493,612)
Share-based payment - Employee Option Plan	-	96,938	-	96,938
Share-based payment - settlement of advisor costs	15,000	-	-	15,000
Share-based payment - Director Performance rights	-	169,546	-	169,546
Share-based payment - Performance rights	-	125,301	-	125,301
Total	$ 3,765,023	$ 391,785	$ -	$ 4,156,808
Equity at 31 December 2018	$ 31,654,873	$ 2,821,076	$ (25,307,753)	$ 9,168,196

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 2018

	Notes	Consolidated Dec-18	Consolidated Dec-17
Cash flows from operating activities			
Receipts from customers		$ 32,407	$ -
Payments to suppliers and employees		(3,127,547)	(3,180,558)
Interest received		1,926	13,943
Interest paid		(85,982)	(26,315)
Other tax receipts / (payments)		1,707,531	902,925
Net cash used in operating activities		$ (1,471,665)	$ (2,290,005)
Cash flows from investing activities			
Purchase of property, plant and equipment		$ (9,638)	$ (110,338)
Development costs of intangible assets	5	(147,767)	(989,291)
Net cash used in investing activities		$ (157,405)	$ (1,099,629)
Cash flows from financing activities			
Proceeds from issue of shares	6	$ 3,993,635	$ 3,800,000
Transaction costs related to issues of securities	6	(228,612)	(228,000)
Proceeds from borrowings		1,400,000	-
Repayment of borrowings		(1,733,333)	-
Payment of debt issue costs		(92,200)	-
Net cash from financing activities		$ 3,339,490	$ 3,572,000
Net increase / (decrease) in cash and cash equivalents		$ 1,710,420	$ 182,366
Cash and cash equivalents			
Cash and cash equivalents at beginning of period		$ 450,711	$ 2,887,736
Net foreign exchange differences		-	4,802
Net increase in cash and cash equivalents		1,710,420	182,366
Cash and cash equivalents at the end of period		$ 2,161,131	$ 3,074,904

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 have 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 2018 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 has 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 2019.

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 2018
In the period ended 31 December 2018, 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 Group has initially applied AASB 9 and AASB 15 from 1 July 2018.

Due to the transition methods chosen by the Group in applying AASB 9 and AASB 15, comparative information throughout the interim financial statements has not been restated to reflect the requirements of the new standards.

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 of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2018.

As a result of this review the Directors have determined that AASB 16 Leases may have a material effect on the application in future periods.

AASB 16 replaces AASB 117 Leases and related interpretations.

AASB 16 removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Most leases will be capitalised on the statement of financial position by recognising a lease liability for the present value obligation and a 'right of use' asset. The right of use asset is calculated based on the lease liability plus initial direct costs, prepaid lease payments and estimated restoration costs less lease incentives received. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in the expense recognition with interest and depreciation replacing operating lease expense. There are exemptions for short-term leases and leases of low-value items.

Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating leases.

This Standard will primarily affect the accounting for the Group's operating lease commitments predominately relating to the leasing arrangement of its head office. The Group is considering available options to account for this transition which may result in an increase in reported earnings before interest, tax and depreciation and amortisation (EBITDA) and increase in lease assets and liabilities recognition. The Standard may also have an impact on deferred tax balances. This will however be dependent on the lease arrangements in place when the new Standard is effective, The Group has commenced the process of evaluating the impact of the new Standard.

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019. A lessee can choose to apply the Standard using a full retrospective or modified retrospective approach.

Other than the above, 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.

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 2018.

IV. 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 2018, the Group incurred a loss of $3,685,968 and had cash outflows from operating activities of $1,471,665 and investing activities of $157,405. The Group had available cash and cash equivalents of $2,161,131 as at 31 December 2018.

The Directors are of the opinion that the Company is a going concern for the following reasons:

- the Group has the ability to pre-fund R&D expenditure in order to strengthen its cash position prior to year-end;
- the Group anticipates commencing large-scale sales in H2 FY2019, and is expecting to significantly increase its revenue streams in FY2020; and
- the Group is negotiating a debt funding facility for the manufacture of its devices.

Should a debt facility not be secured or significant sales be realised, there is a material uncertainty that may cast significant doubt as to whether the Company will be available to realise its assets and extinguish its liabilities in the normal 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-18	Dec-17
Net loss for the year	$ (3,685,968)	$ (4,298,718)
Weighted average number of share on issue	974,990,718	433,714,153
Basic and diluted loss per share (cents per share)	(0.38)	(0.99)

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 2017	$ 6,065,350	$ 768,241	$ 6,833,591
Additions	$ 902,829	$ 252,492	$ 1,155,321
R&D grant offset	(376,349)	-	(376,349)
Amortisation	-	(63,251)	(63,251)
Total	$ 526,480	$ 189,241	$ 715,721
BALANCE 1 JULY 2018	$ 6,591,830	$ 957,482	$ 7,549,312
Additions	$ 80,519	$ 67,248	$ 147,767
R&D grant offset	-	-	-
Amortisation	-	(12,176)	(12,176)
Total	$ 80,519	$ 55,072	$ 135,591
BALANCE 31 DECEMBER 2018	$ 6,672,349	$ 1,012,554	$ 7,684,903

NOTE 6. CONTRIBUTED EQUITY

	Shares		$	
	Dec-18	Jun-18	Dec-18	Jun-18
ORDINARY SHARES ON ISSUE				
Ordinary shares issued and fully paid	974,990,718	549,127,233	$ 31,654,873	$ 27,889,850

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

I. Movements in ordinary share capital

	Shares		$	
	Dec-18	Jun-18	Dec-18	Jun-18
ORDINARY SHARES ON ISSUE				
At start of period	549,127,233	423,043,526	$ 27,889,850	$ 22,970,330
Shares issued during the year	424,363,485	89,337,333	$ 4,243,635	$ 5,000,000
Exercise of Founder Performance Shares	-	30,000,000	-	-
Settlement of advisor costs	1,500,000	2,466,384	$ 15,000	$ 79,520
Issue of shares - employees	-	4,279,990	-	140,000
Transaction costs relating to issue of shares	-	-	(493,612)	(300,000)
At end of period	974,990,718	549,127,233	$ 31,654,873	$ 27,889,850

The movement in ordinary shares during the half-year ended 31 December 2018 is comprised of the following transactions:

- 399,363,485 fully paid ordinary shares were issued as part of the non-renounceable entitlement issue in November 2018;
- 25,000,000 shares were issued as part of the non-renounceable entitlement issue success fee with the underwriter; and
- 1,500,000 shares were issued as part of costs in procuring short-term financing in November 2018.

NOTE 7. RESERVES

	Dec-18	Jun-18
RESERVES		
Options reserve	$ 1,333,896	$ 1,593,208
Share rights reserve	506,487	506,487
Performance rights reserve	624,443	329,596
Contract options	356,250	-
	$ 2,821,076	$ 2,429,291
MOVEMENT IN RESERVES		
Opening balance	$ 2,429,291	$ 1,257,789
Movement for year	391,785	1,171,502
Total	$ 2,821,076	$ 2,429,291

NOTE 8. SHARE-BASED PAYMENTS

OPTIONS

Grant	Balance at start of the year	83 to 1 Consolidation	Options issued during the year	Number Exercised	Forfeited / Lapsed	Balance at end of year	Tranche 1 Expiry date
FY2018							
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 - FY2017	6,910,543	-	-	-	-	6,910,543	30 Sep 2019
EOP - FY2018	-	-	13,531,800	-	-	13,531,800	31 Jul 2020
Consultant options	2,000,000	-	4,000,000	-	-	6,000,000	4 Apr 2020
Contract options	-	-	12,500,000	-	-	12,500,000	30 Sep 2019
Total	**95,763,200**	-	**30,031,800**	-	**(7,562,504)**	**118,232,496**	
FY2019 H1							
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 - FY2017	6,910,543	-	-	-	-	6,910,543	30 Sep 2019
EOP - FY2018	13,531,800	-	-	-	-	13,531,800	31 Jul 2020
Consultant options	6,000,000	-	-	-	-	6,000,000	4 Apr 2020
Contract options	12,500,000	-		-	-	12,500,000	30 Sep 2019
Total	**118,232,496**	-	-	-	**(4,216,905)**	**114,015,591**	

SHARES & RIGHTS AWARDS

Grant	Balance at start of the year	Rights issued during the year [1]	Number Exercised	Forfeited / Lapsed	Balance at end of year
FY2018					
Performance rights	12,500,000	-	-	-	12,500,000
Performance shares	120,000,000	-	-	-	120,000,000
Founder Performance shares	30,000,000	-	(30,000,000)	-	-
Share rights	13,755,150	-	-	-	13,755,150
Total	176,255,150	-	(30,000,000)	-	146,255,150
FY2019 H1					
Performance rights	12,500,000	-	-	-	12,500,000
Performance shares	120,000,000	-	-	-	120,000,000
Share rights	13,755,150	-	-	-	13,755,150
Director Performance rights	-	80,000,000	-	-	80,000,000
Total	146,255,150	80,000,000	-	-	226,255,150

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

I. DIRECTOR PERFORMANCE RIGHTS

The Group issued 80,000,000 Director performance rights in three tranches to Peter Rossdeutscher, Brett Savill and Gary Castledine, as approved at the Group's Annual General Meeting held on 30 November 2018.

Director Performance Rights valuation assumptions

The Director performance rights are subject to the terms and conditions of the QFY performance rights plan.

The first tranche of the Director performance rights, Tranche A, will vest immediately upon the Company securing a minimum of $3,900,000 in long-term funding prior to 31 December 2018.

The second tranche of the Director performance rights, Tranche B, will vest immediately upon the Group generating $5,000,000 in accumulated revenue between 1 October 2018 and 30 September 2021.

The third tranche, Tranche C, will vest immediately upon the Group achieving a share price of at least $0.03 and a market capitalisation of at least $45,000,000, each based on the volume weighted average market price over a 20 consecutive trading day period during which the Group's shares have actually traded.

The Director performance valuation assumptions relating to the grant of performance rights are detailed below:

	Assumptions		
	Tranche A	Tranche B	Tranche C
BLACK SCHOLES METHOD ASSUMPTIONS:			
Discount Rate	2.26% p.a.	2.26% p.a.	2.26% p.a.
Share Price Volatility	110% p.a.	110% p.a.	110% p.a.
Grant Date	30 November 2018	30 November 2018	30 November 2018
Performance Period (years)	0.08	3.00	5.00
Number of Rights awarded	20,000,000	20,000,000	40,000,000
FV OF RIGHTS AT GRANT DATE:			
Fair value per Director performance right	$0.008	$0.008	$0.007
Share price at grant date	$0.008	$0.008	$0.008

Measurement Period

Tranche A has a 1 month measurement period, Tranche B has a 3 year measurement period and Tranche C has a 5 year measurement period.

Share-based Expense

Share-based payments expense relating to these performance rights were $169,546, for the period ended 31 December 2018.

SHARE-BASED PAYMENT EXPENSES

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

	Dec-18		Jun-18	
Employee options	$	(96,938)	$	(525,998)
Director Performance rights		(169,546)		-
Performance rights		(125,301)		(248,559)
Contract options		-		(356,250)
Share rights		-		(40,695)
Employee shares issued		-		(140,000)
Total	$	(391,785)	$	(1,311,502)

NOTE 9. COMMITMENTS

	Dec-18		Jun-18	
OPERATING LEASE AGREEMENTS				
Within one year	$	211,651	$	202,950
After one year but not more than five years		143,540		271,155
Total	$	355,191	$	474,105

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

NOTE 12. SUBSEQUENT EVENTS

Subsequent to 31 December 2018, as part of the Company's commercialisation strategy, Quantify Technology entered into a Memorandum of Understanding with CASwell Inc ("CASwell") to develop processes for the volume manufacture of the Company's products. CASwell is a Taiwanese Exchange-listed company and a subsidiary of Foxconn Technology Group. The Company is seeking to appoint CASwell, and other affiliated companies that are part of the Foxconn Technology Group, to manufacture Quantify Technology's product suite for the Australian and international markets.

The Company and CASwell will also investigate further partnership opportunities including the potential development of a distribution channel for Quantify Technology's products in Taiwan and mainland China.

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.

NOTE 13. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties, and repayments made, during the six months ended 31 December 2018 and 2017:

Key management personnel of the Group		Interest and facilitation fees expense	Amounts borrowed from related parties	Principal repaid to related parties
Cuda Developments	Dec-18	$ (21,091)	$ -	$ 333,333
	Dec-17	$ (20,995)	$ -	$ -
TWL Discretionary Trust	Dec-18	$ (56,500)	$ (250,000)	$ 250,000
	Dec-17	$ -	$ -	$ -

The following table provides the balance of the loans outstanding to related parties as at 31 December 2018 and 30 June 2018:

Key management personnel of the Group		Principal owed to related parties
Cuda Developments	Dec-18	$ -
	Jun-18	$ (333,333)
TWL Discretionary Trust	Dec-18	$ -
	Jun-18	$ -

On 27 September 2018, Quantify Technology received and accepted a $736,000 purchase order for its qDevice, to be delivered to Wallaroo Shores. Wallaroo Shores is a project which is being developed by Copper Coast Investment Pty Ltd (“Copper Coast”). At the time the purchase order was received, Alex Paior was a Director for both Quantify Technology and Copper Coast. As at 31 December 2018, the project had not yet commenced, and no transactions between Quantify Technology and Copper Coast had occurred.

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 2018 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 Bord.

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 2018.

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

Peter Rossdeutscher
Chairman
On behalf of the Board.
28 February 2019

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 statement of financial position as at 31 December 2018, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed 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 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 2(iv) in the half-year financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

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

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

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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 2019

M R Ohm
Partner