

Quantum Health Group Limited and Controlled Entities
ABN: 19 003 677 245

Appendix 4E

Preliminary Final Report

Financial Year ended 30 June 2020

This information is provided under listing rule 4.3A for the year ended 30 June 2020 and includes comparative information for the year ended 30 June 2019.

Results for Announcement to the market

	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$	Amount Change \$	% change
Revenue from ordinary activities (sales and services)	58,308,624	57,954,838	353,786	1%
Profit for the period attributed to members	5,446,048	1,904,974	3,541,075	186%
No dividends have been paid, declared or recommended by the Company during the year ended 30 June 2020.				

Net tangible assets per security

	As at 30 June 2020 cents	As at 30 June 2019 cents
Net tangible assets per ordinary share	1.34	0.99



Quantum Health Group Limited

and its controlled entities

A.B.N. 19 003 677 245

APPENDIX 4E

PRELIMINARY FINAL REPORT

YEAR ENDED 30 JUNE 2020

Quantum Health Group Limited

APPENDIX 4E Preliminary Final Report

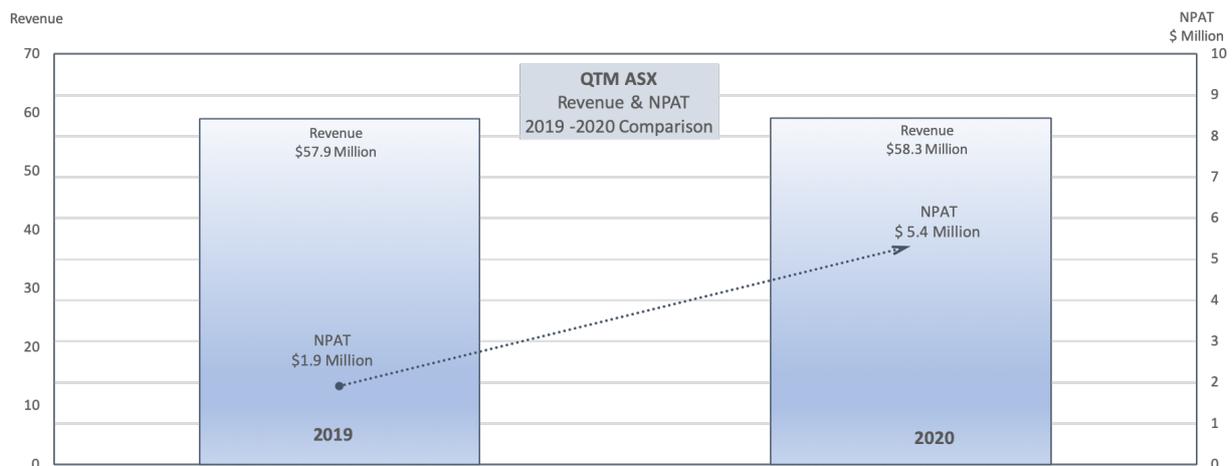
Review of Operations

Quantum Health Group Limited (Quantum Healthcare) has established an extensive medical technology distribution platform across Asia, providing first-class sales and service for leading global healthcare manufacturers including Philips, Samsung, Carestream and Accuray.

Quantum Healthcare’s experienced management group leads a global sales, clinical and engineering team ensuing strong results driven solutions for its suppliers and customers throughout Asia. Quantum Healthcare continues to focus on Radiology, Oncology, Molecular Imaging, Women’s Healthcare and Medical IT markets and also manufactures energy-efficient water sterilisation systems for use by hospital and aged care facilities. Quantum Healthcare has direct subsidiaries operating in Australia, New Zealand, Korea, Thailand, Philippines and China with investments in Vietnam as a new growth market.

The Board of Directors are pleased to advise that Quantum Health Group Limited has delivered a strong trading result exceeding our expectations for the year ended 30th June 2020 as follows:

Year	2020 \$,000	2019 \$,000	Increase \$,000	Increase %
Revenue	58,309	57,955	354	1%
EBITDA	9,701	4,017	5,684	141%
NPAT	5,446	1,905	3,541	186%



Revenue
\$58.3 Mil

EBITDA
\$9.7 Mil

NPAT
\$5.4 Mil
Up 186%

Quantum Health Group Limited

COVID-19 Impact

Despite initially experiencing adverse business results from the effects of COVID-19 restrictions and the subsequent downturn in market purchasing activities between February and April 2020, Quantum Healthcare's prompt implementation of operational measures in our working environments maintained its global workforce (other than in the Philippines where tighter government workplace controls were in place). These measures together with government stimulus assistance in Australia successfully aided the business back to pre-COVID 19 results in most segments of the business. Quantum Healthcare experienced improved performance in the Radiology sector in May and June with sales Carestream and Micro-X Digital Radiography systems comprising part of the government's Covid-19 medical equipment purchase.

Quantum Healthcare will continue to follow the respective government guidelines to ensure full compliance and implement initiatives to seek new growth during these changing market conditions. At this time, we don't expect COVID-19 to materially impact our business performance in the coming year but continue to monitor conditions, restrictions and opportunities across all regions.

Business Highlights for Quantum Healthcare

Quantum Healthcare has surpassed business expectations this financial year, significant milestones were achieved, including:

- Outstanding growth of our Thailand subsidiary with Samsung medical imaging equipment and expansion of our Aesthesis products offering, building on the success of Classys Aesthetics product sales in Thailand;
- Acquisitions of Carestream Services businesses in Australia, New Zealand and Philippines;
- Sales distribution of Carestream digital Radiography systems in ANZ;
- Successful introduction of Carestream's Micro-X Nano DR systems in the Australian market;
- Commencement for implementation of Oracle NetSuite ERP system planned for all Quantum subsidiaries to standardise processes and provide real-time financial reporting across all our subsidiaries combined with the application of global management processes improving efficiencies, inventory and working capital management;
- Introduction of HSBC business banking roll-out across all subsidiaries;
- Restructuring of Quantum Healthcare Korea businesses to capitalise on synergies and improve operational efficiencies;
- Implementation of a global Corporate Identity initiative to further enhance the Quantum Healthcare brand in the region; and
- Completion of the restructuring of its former renewable energy products business into manufacturing its Quantum LegioGuard water sterilisation and Quantum Flush technologies.

Healthcare Technology Platform

Quantum Healthcare will continue to explore new opportunities for expansion and enhance our Healthcare Technology Platform across Asia. The Platform provides Quantum Healthcare a unique value proposition to attract new global suppliers with a one-contact solution to their Asia distribution ambitions and is attractive for existing disparate local distributors to join the Quantum Healthcare Platform. Quantum Healthcare is also exploring opportunities to add med-tech IP and other medical services to the Platform.

Financial Position

The net assets of the consolidated group have increased to \$40,928,158 as at 30 June 2020. The Directors believe that the group is in a strong and stable financial position to expand and grow its current operations.

General

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

EPS and Diluted EPS

The gain per share for the current financial year was 0.49 cents as compared with a gain per share of 0.17 cents in the previous corresponding period. The diluted gain per share was 0.48 cents as compared with a gain per share of 0.17 cents in the previous corresponding period.

Quantum Health Group Limited

Factors which are likely to affect results in the future

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

Audited accounts

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



John Walstab
CEO/Managing Director
30st August 2020

About Quantum Healthcare Limited

Quantum Health Group Limited (ASX:QTM) is a leading independent Healthcare company operating throughout Asia. Quantum Healthcare specialise in the distribution of state-of-the-art medical imaging, patient treatment, hospital water sterilisation and equipment services in Radiology, Oncology and Women's Healthcare. Quantum Healthcare's head office is located in Sydney, Australia with direct subsidiary businesses operating in Thailand, South Korea, Philippines, NZ and China. Quantum is the authorised distribution partner for leading global healthcare manufacturers including Carestream, Philips Healthcare, Samsung, IBA and Accuray. Quantum Healthcare has successfully created a Healthcare Technology Platform across Asia, it provides first class customer service and clinical support for a large installed base of medical equipment in hospitals, universities and private clinics.

Quantum Health Group Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$ 000	2019 \$ 000
Continuing operations			
Revenue from contracts with customers	2	58,309	57,955
Other income	2	1,089	1,474
Cost of sales		(31,032)	(35,044)
Employee benefits expense		(11,337)	(11,171)
Depreciation and amortisation expense – non-manufacturing		(1,552)	(628)
Advertising and promotion expenses		(848)	(704)
Finance costs	3	(757)	(1,092)
Legal fees		(138)	(75)
Research and development expenditure		(77)	(145)
Travel expenses		(1,052)	(1,034)
Motor vehicle expenses		(645)	(395)
Warranty expenses		(559)	(487)
Telephones & internet		(230)	(103)
Consultants		(645)	(725)
Freight & delivery expenses		(327)	(144)
Occupancy (rent) expenses		(221)	(912)
Insurance		(302)	(292)
Foreign exchange gain		(222)	45
Fair value gain/(loss) on financial assets		67	(22)
Provision for obsolete stock		-	54
Other expenses		(2,286)	(3,945)
Profit from continuing operations before income tax		7,235	2,610
Income tax (expense) credit		(816)	197
Net profit after tax		6,419	2,807
Other comprehensive income			
Items that may be reclassified to profit or loss;			
Translation of foreign subsidiaries		259	719
Actuarial gain / (loss)		155	29
Total comprehensive income for the year		6,833	3,555
Profit for the year is attributable to:			
Non-controlling interests		973	902
Owners of the parent		5,446	1,905
		6,419	2,807
Total comprehensive income for the year is attributable to:			
Non-controlling interests		1,028	1,329
Owners of the parent		5,805	2,226
		6,833	3,555
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company			
Basic earnings per share (cents per share)	4	0.49	0.17
Diluted earnings per share (cents per share)	4	0.48	0.17

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

Quantum Health Group Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

		Consolidated Group	
	Note	2020 \$ 000	2019 \$ 000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	8,765	4,327
Trade and other receivables		15,229	10,646
Inventories		9,370	9,147
Financial assets		777	661
Other current assets		5,363	3,708
TOTAL CURRENT ASSETS		39,504	28,489
NON-CURRENT ASSETS			
Trade and other receivables		-	-
Property, plant and equipment		1,700	1,570
Right-of-use-assets		1,414	-
Investment property		2,444	2,444
Deferred tax assets		3,137	3,212
Intangible assets	8	22,719	19,983
Financial assets		2,628	5,093
Other		521	570
TOTAL NON-CURRENT ASSETS		34,563	32,872
TOTAL ASSETS		74,067	61,361
CURRENT LIABILITIES			
Trade and other payables		14,400	8,952
Contract liabilities		3,438	1,836
Borrowings		8,963	11,483
Lease liabilities		929	-
Current tax liabilities		623	403
Short term provisions		2,249	1,802
TOTAL CURRENT LIABILITIES		30,602	24,476
NON-CURRENT LIABILITIES			
Trade and other payables		237	-
Contract liabilities		237	178
Borrowings		809	1,570
Lease liabilities		476	-
Employee benefits		443	87
Defined benefit plans		335	956
TOTAL NON-CURRENT LIABILITIES		2,537	2,791
TOTAL LIABILITIES		33,139	27,267
NET ASSETS		40,928	34,094
EQUITY			
Issued Capital	6	86,429	86,429
Reserves		2,268	1,908
Retained Earnings (accumulated losses)		(52,840)	(58,286)
Equity attributable to owners of Quantum Health Group Limited		35,857	30,051
Non-controlling interests		5,071	4,043
TOTAL EQUITY		40,928	34,094

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

Quantum Health Group Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Ordinary Share Capital	Shares to be issued	Undistributable Profits Reserve	Exchange Translation Reserve	Actuarial Gain Reserve	Other Reserves	Retained Profits (Losses)	Total	Attributable to non- controlling interests	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Consolidated										
Balance at 1 July 2018	85,229	1,200	504	1,077	6	-	(60,191)	27,825	2,714	30,539
Profit for the year	-	-	-	-	-	-	1,905	1,905	902	2,807
Other comprehensive income for the year	-	-	-	298	23	-	-	321	427	748
Shares Issued / to be issued	480	(480)	-	-	-	-	-	-	-	-
Transfer of Reserves	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2019	85,709	720	504	1,375	29	-	(58,286)	30,051	4,043	34,094
Balance at 1 July 2019	85,229	720	504	1,375	29	-	(58,286)	30,051	4,043	34,094
Profit for the year	-	-	-	-	-	-	5,446	5,446	973	6,419
Other comprehensive income for the year	-	-	-	210	149	-	-	359	55	414
Shares Issued	720	(720)	-	-	-	-	-	-	-	-
Balance at 30 June 2020	86,429	-	504	1,585	178	-	(52,840)	35,856	5,071	40,927

Quantum Health Group Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$ 000	2019 \$ 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		62,189	61,536
Payments to suppliers and employees		(52,580)	(58,591)
Interest received		94	12
Finance costs		(255)	(427)
Income tax paid		(321)	(1,293)
Net cash provided by operating activities		9,127	1,237
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		209	-
Purchase of property, plant and equipment		(803)	(489)
Dividends received from unrelated entity		-	14
Payments for acquisition of investment - QHC Thailand and QHC Korea		(1,661)	(1,603)
Payments for financial assets		(1,320)	(978)
Proceeds from sale of financial assets		947	1,902
Net cash used in investing activities		(2,628)	(1,154)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Lease Liabilities		(873)	-
Advances / Repayment of borrowings		(1,188)	(1,180)
Net cash used in financing activities		(2,061)	(1,180)
Net increase/(decrease) in cash held		4,438	(1,097)
Cash at beginning of period		4,327	5,424
Cash at end of period	5	8,765	4,327

The accompanying notes form part of these financial statements

Quantum Health Group Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The accounting policies have been consistently applied by the consolidated entity and are consistent with those applied in the 30 June 2019 annual financial report, other than as noted below.

New, revised or amending Accounting Standards and Interpretations adopted

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

AASB 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.

The impact on the financial performance and position of the consolidated entity from the adoption of AASB 16 is detailed in note 2.

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 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. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Lease liabilities

A lease liability is recognised at the commencement date of the 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 and any anticipated termination penalties.

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 leased payments arising from a change in an index or a rate used; lease term; certainty of 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.

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

	2020 \$000	2019 \$000
Revenue from contracts with customers		
Sale of goods	39,876	43,477
Services revenue	18,433	14,478
	<u>58,309</u>	<u>57,955</u>
Other Income		
Interest receivable – other entities	94	12
Interest receivable – related parties	118	301
Dividend from unrelated parties	-	14
Other revenue	878	1,147
	<u>1,090</u>	<u>1,474</u>
Total Revenue and Other Income	<u>59,399</u>	<u>59,429</u>

Quantum Health Group Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

NOTE 3: PROFIT FOR THE YEAR

Profit for the year includes the following expenses:

Expenses

Finance costs			
- External	328		470
- Related parties	429		622
Total finance costs	757		1,092

NOTE 4: EARNINGS PER SHARE

Net profit

Earnings used to calculate basic EPS	5,446		1,905
Earnings used to calculate diluted EPS	5,446		1,905

	No.		No.
(a) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	1,114,455,832		1,093,308,291
(b) Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	1,128,308,291		1,128,308,291

NOTE 5: CASH AND CASH EQUIVALENTS

	2020		2019
	\$000		\$000
Cash as shown in the Consolidated Statement of Financial Position is reconciled to cash at the end of the financial year shown in the Consolidated Statement of Cash Flows			
Cash at bank and in hand	8,765		4,327
Bank overdraft	-		-
	8,765		4,327

NOTE 6: ISSUED CAPITAL

			Consolidated	
	2020	2019	2020	2019
	No.	No.	\$000	\$000
CURRENT				
Fully paid ordinary shares	1,128,308,291	1,098,308,291	86,429	86,429
Ordinary shares to be issued	-	30,000,000	-	720
	1,128,308,291			
	1	1,128,308,291	86,429	86,429
Movements – Fully paid ordinary shares:				
At the beginning of the year	1,098,308,291	1,078,308,291	85,709	85,229
Share issued	30,000,000	20,000,000	720	480
Shares to be issued	-	-	-	-
At the end of the year	1,128,308,291	1,098,308,291	86,429	85,709
Movements – Ordinary shares to be issued:				
At the beginning of the year	30,000,000	50,000,000	720	1,200
Share to be issued	-	-	-	-
Shares issued	(30,000,000)	(20,000,000)	(720)	(480)
At the end of the year	-	30,000,000	-	720

Quantum Health Group Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

NOTE 7: SEGMENT REPORTING

	Environmental Services		Medical		Unallocated		Elimination		Consolidated-Continuing Operations	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Total revenue - Australia	2,305	2,829	19,791	12,704	119	302	(2,408)	463	19,807	16,298
Total revenue- China	1,556	1,663	-	-	17	51	(1,586)	(1,670)	(13)	44
Total revenue - Thailand	-	-	16,949	15,734	-	-	(1)	-	16,948	15,734
Total revenue - Korea	-	-	22,281	27,353	-	-	(74)	-	22,207	27,353
Total revenue - Philippines	-	-	448	-	-	-	-	-	448	-
Total revenue	3,861	4,492	59,469	55,791	136	353	(4,069)	(1,207)	59,397	59,429
Profit/(Loss) after income tax - Australia	(426)	(847)	5,947	3,302	(1,379)	(624)	(907)	(789)	3,235	1,042
Profit/(Loss) after income tax - China	(207)	(1,840)	-	-	(40)	(26)	(706)	416	(953)	(1,450)
Profit/(Loss) after income tax - Thailand	-	-	1,928	2,533	-	-	1,637	-	3,565	2,533
Profit/(Loss) after income tax - Korea	-	-	(401)	681	-	-	949	-	548	681
Profit/(Loss) after income tax – Philippines	-	-	24	-	-	-	-	-	24	-
Total profit / (loss) after income tax	(633)	(2,687)	7,498	6,516	(1,419)	(650)	973	(372)	6,419	2,807
Segment assets - Australia	9,482	1,411	45,133	33,494	9,011	11,037	(22,801)	(13,759)	40,825	32,183
Segment assets - China	(1,004)	(20)	-	-	-	-	-	-	(1,004)	(20)
Segment assets - Thailand	-	-	11,669	11,173	-	-	-	-	11,669	11,173
Segment assets - Korea	-	-	19,560	18,025	-	-	-	-	19,560	18,025
Segment assets – Philippines	-	-	3,017	-	-	-	-	-	3,017	-
Total segment assets	8,478	1,391	79,379	62,692	9,011	11,037	(22,801)	(13,759)	74,067	61,361
Segment liabilities - Australia	8,080	823	13,858	5,256	10,503	12,283	(12,110)	(4,996)	20,331	13,366
Segment liabilities - China	120	680	-	-	-	-	-	-	120	680
Segment liabilities - Thailand	-	-	135	2,988	-	-	-	-	135	2,988
Segment liabilities - Korea	-	-	12,259	10,233	-	-	-	-	12,259	10,233
Segment liabilities – Philippines	-	-	294	-	-	-	-	-	294	-
Total segment liabilities	8,200	1,503	26,546	18,477	10,503	12,283	(12,110)	(4,996)	33,139	27,267

Quantum Health Group Limited (Formerly Quantum Energy Limited)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

NOTE 8: GOODWILL

	2020	2019
	\$000	\$000
Goodwill is attributed to the following businesses:		
Medical:		
- Insight Oceania Pty Ltd	14,547	11,811
- Quantum Healthcare Korea Co., Ltd.	5,102	5,102
- Quantum Healthcare Thailand Co., Ltd.	2,231	2,231
- Hunex Korea Co., Ltd.	839	839
- Carestream Health Philippines, Inc (Quantum Healthcare Philippines)	-	-
	22,719	19,983
Environmental Services:		
- Quantum Energy Technologies Pty Ltd	-	-
	22,719	19,983