ASX Announcement October 28, 2020

Quantum Health Group Limited ASX: QTM



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September 2020 Quarterly Activity Report & Appendix 4C

Highlights and review for Quantum Health Group Limited for the quarter.

Improved Sales and Service Income for the Quarter

Receipts from customers increased 9.6% over the September 2019 quarter (September 2020 quarter of $17,044,000 and September 2019 quarter of $15,557,000).

The increase is partly due to the acquisition of Carestream Health service business in Australia and New Zealand on 31 October 2019 and in Philippines on 31 December 2019.

New Business

Quantum continues to expand its growth options both organically with the new distribution for products in the expanding field of Healthcare AI and exploring new acquisition opportunities throughout Asia.

COVID-19 impact

Despite Quantum Health Group initially experiencing a downturn in our results from the effects of COVID19 restrictions in early 2020, the operational measures we implemented and the increase of Carestream radiology equipment sales in May and June (due in part to government COVID-19 healthcare initiatives) lead the business back to pre-COVID 19 results in most segments of the business this quarter.

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Quantum will continue to follow the respective government rules to ensure full compliance and implement initiatives to seek new growth during these changing market conditions. We continue to expect COVID-19 to not materially impact our business performance in the coming quarter.

Implementation of a Global ERP System

Quantum is continuing its integration of Oracle NetSuite ERP system to streamline global operations and provide real-time financial reporting across all our subsidiaries. Our NetSuite solution will include customer relationship management, sales/marketing/supplier management, consolidated financial reporting/forecasting and a comprehensive fully integrated field service management tool. We expect the system to be operational in this quarter.

Global Banking Facilities with HSBC

HSBC was selected by Quantum as its global business banking partner. We have now executed agreement for a $5 Million working capital/trade-finance facility to support further growth of our business throughout Asia.

Quantum chose HSBC as its banking partner due to its extensive global reach and its deep upstanding of the markets we operate in internationally. This provides us with both opportunity and confidence to further expand into these global markets. These new banking facilities will be integrated with our new ERP system across all Quantum's businesses.



Mr John Walstab

CEO / Managing Director
Quantum Health Group Limited

About Quantum Healthcare Limited

Quantum Health Group Limited (ASX:QTM) is a leading independent Healthcare company operating throughout Asia. Quantum 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'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 provides first class customer service and clinical support for a large installed base of medical equipment in hospitals, universities and private clinics across Asia.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Quantum Health Group Limited	
ABN	**Quarter ended ("current quarter")**
19 003 677 245	**30 September 2020**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**	17,044	17,044
1.1	Receipts from customers		
1.2	Payments for		
	(a) research and development	(31)	(31)
	(b) product manufacturing and operating costs	(10,904)	(10,904)
	(c) advertising and marketing	(128)	(128)
	(d) leased assets	(330)	(330)
	(e) staff costs	(2,910)	(2,910)
	(f) administration and corporate costs	(1,235)	(1,235)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	(13)	(13)
1.5	Interest and other costs of finance paid	(19)	(19)
1.6	Income taxes paid	(115)	(115)
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**1,359**	**1,359**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	1	1

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	408	408
	(e) intellectual property	-	-
	(f) other non-current assets	3	3
2.3	Cash flows from loans to other entities	(277)	(277)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**135**	**135**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	(2)	(2)
3.6	Repayment of borrowings	(1,185)	(1,185)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(1,187)**	**(1,187)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	8,764	8,764
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,359	1,359

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	135	135
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,187)	(1,187)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**9,071**	**9,071**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	9,071	8,764
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	9,071	8,764

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Facility put in place with HSBC after end of the quarter. Facility with aggregate limit AUD 5M

Addition HSBC corporate card facility with AUD 100,000 limit

There is general security deed and a guarantee indemnity deed provided by Quantum Health Group entity.

Maturity Date: The date on which HSBC requires repayment of the amount owing

Loan Fee: 1% per annum

Base rate: BBSY or LIBOR + 2.5% per annum

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	1,359
8.2	Cash and cash equivalents at quarter end (item 4.6)	9,071
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	9,071

8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	6.67

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable

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8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: Not applicable	

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28th October 2020

Authorised by: .....
John Walstab Managing Director

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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