

Quantum Energy Limited and Controlled Entities
ABN: 19 003 677 245

PRELIMINARY FINAL REPORT

Appendix 4E

Preliminary Final Report

Financial Year ended 30 June 2017

This information is provided under listing rule 4.3A for the year ended 30 June 2017 and includes comparative information for the year ended 30 June 2016.

Results for Announcement to the market

	Year ended 30 June 2017 \$	Year ended 30 June 2016 \$	Amount change \$	% change
Revenue from ordinary activities	58,675,579	58,797,000	(121,421)	(0.2)
Profit (Loss) for the period attributed to members	(1,709,064)	(642,123)	(1,066,941)	166
No dividends have been paid, declared or recommended by the Company during the year ended 30 June 2017.				

Net tangible assets per security

	As at 30 June 2017 cents	As at 30 June 2016 cents
Net tangible assets per ordinary share	0.30	0.30



Quantum Energy Limited

And its controlled entities

A.B.N. 19 003 677 245

APPENDIX 4E

PRELIMINARY FINAL REPORT

YEAR ENDED 30 JUNE 2017

Quantum Energy Limited

APPENDIX 4E

Preliminary Final Report

Review of Operations

The Board of Directors are pleased to advise that Quantum Energy Limited (Quantum) has delivered a trading result for our financials (excluding abnormal items) consistent with our expectations taking into consideration the planned restructuring of the environmental division for the year ended 30th June 2017, as follows:-

	2017	2016
	\$ 000	\$ 000
Revenue	58,676	59,094
EBITDA	1,439	1,450
Impairment and re-structure costs	2,133	-
Normalised EBITDA	3,572	1,450

Over the past twelve months Quantum embarked on a restructuring of its environmental division resulting in substantial changes to its existing sales and distribution model by reaching an agreement to enter into an exclusive distribution arrangement with Tasman Sinkware Pty Ltd ("Tasman"). This arrangement with Tasman will allow Quantum to make significant costs savings across its businesses, capitalising on synergies across its healthcare and environmental divisions.

The restructure of Quantum's domestic energy distribution business has resulted in significant one-time impairment and restructure costs reflected in these 2017 results. These strategic changes in Quantum's operations allow us to further focus on expansion of our healthcare division, from which we expect continued revenue and EBIT growth in both the domestic and Asian markets in 2017/2018.

Financial position

The net assets of the consolidated group have decreased to \$ 25,507,000 as at 30 June 2017. 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 loss per share for the current financial year was 0.17 cents as compared with a loss per share of 0.06 cents in the previous corresponding period. The diluted loss per share was 0.17 cents as compared with a loss per share of 0.06 cents in the previous corresponding period.

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
Managing Director
31st August 2017

Quantum Energy Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$ 000	2016 \$ 000
Revenue from continuing activities	2	58,676	58,797
Cost of Sales		(33,829)	(36,761)
Employee benefits expense		(12,040)	(13,074)
Depreciation and amortisation expenses – non-manufacturing		(405)	(438)
Advertising and promotion expenses		(394)	(385)
Finance costs	3	(1,277)	(1,592)
Legal fees		(78)	(92)
Research and development expenses		(515)	(524)
Travel expenses		(1,198)	(1,206)
Motor vehicle expenses		(611)	(669)
Warranty expenses		(679)	(609)
Telephones & internet expenses		(207)	(265)
Consultants expenses		(278)	(211)
Freight & delivery expenses		(270)	(263)
Occupancy (rent) expenses		(1,463)	(1,450)
Insurance expenses		(247)	(244)
Foreign exchange gain/(loss)		(26)	(312)
Profit on disposal of Renewable Energy Certificates		387	2,000
Fair value gain/(loss) on financial assets (Renewable Energy Certificates)		(760)	(140)
Share of profit/(loss) of associate		-	11
Restructuring costs		(406)	-
Provision for obsolete stock		(1,727)	(260)
Other expenses		(2,896)	(2,893)
Profit/(Loss) from Continuing Operations before income tax		(243)	(580)
Income tax (expense) credit		(498)	100
Net profit (Loss) after tax		(741)	(480)
Other comprehensive income			
Translation of foreign subsidiaries		(199)	(358)
Actuarial gain on retirement benefit obligations		193	49
Total comprehensive income / (loss) for the period		(747)	(789)
Profit/(loss) for the period is attributable to:			
Non-controlling interests		968	162
Owners of the parent		(1,709)	(642)
		(741)	(480)
Total comprehensive income for the period is attributable to:			
Non-controlling interests		1,031	162
Owners of the parent		(1,778)	(951)
		(747)	(789)
Earnings/(loss) per share for the loss attributable to the ordinary equity holders of the company			
Basic earnings/(loss) per share (cents per share)	4	(0.17)	(0.06)
Diluted earnings/(loss) per share (cents per share)	4	(0.17)	(0.06)

The accompanying notes form part of these financial statements.

Quantum Energy Limited

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2017

	Note	2017 \$ 000	2016 \$ 000
CURRENT ASSETS			
Cash and cash equivalents	5	2,119	2,980
Trade and other receivables		14,330	9,120
Inventories		11,969	16,588
Financial assets		909	2,964
Other current assets		2,425	2,982
TOTAL CURRENT ASSETS		31,752	34,634
NON-CURRENT ASSETS			
Trade and other receivables		-	114
Property, plant and equipment		3,760	4,242
Deferred tax assets		2,278	1,876
Intangible assets	8	20,127	20,127
Financial assets		6,346	5,398
Other		382	774
TOTAL NON-CURRENT ASSETS		32,893	32,531
TOTAL ASSETS		64,645	67,165
CURRENT LIABILITIES			
Trade and other payables		16,838	17,505
Borrowings		10,820	13,738
Current tax liabilities		846	157
Short term provisions		1,006	1,986
TOTAL CURRENT LIABILITIES		29,510	33,386
NON-CURRENT LIABILITIES			
Trade and other payables		1,688	2,244
Borrowings		6,400	4,015
Employee benefits		1,540	1,266
TOTAL NON-CURRENT LIABILITIES		9,628	7,525
TOTAL LIABILITIES		39,138	40,911
NET ASSETS		25,507	26,254
EQUITY			
Issued capital	6	83,789	83,789
Non-controlling interests		1,872	841
Reserves		1,306	1,375
Retained earnings (accumulated losses)		(61,460)	(59,751)
TOTAL EQUITY		25,507	26,254

The accompanying notes form part of these financial statements.

Quantum Energy Limited

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Ordinary Share Capital	Undistributable Profits Reserve	Exchange Translation Reserve	Actuarial Gain Reserve	Retained Profits (Losses)	Total	Attributable to non-controlling interests	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Consolidated								
Balance at 1 July 2015	83,789	504	1,180	-	(59,109)	26,364	660	27,024
Non-controlling interest on acquisition of subsidiaries	-	-	-	-	-	-	19	19
Profit for the year	-	-	-	-	(642)	(642)	162	(480)
Other comprehensive income for the year	-	-	(309)	-	-	(309)	-	(309)
Balance at 30 June 2016	83,789	504	871	-	(59,751)	25,413	841	26,254
Balance at 1 July 2016	83,789	504	871	-	(59,751)	25,413	841	26,254
Profit / (Loss) for the year	-	-	-	-	(1,709)	(1,709)	968	(741)
Other comprehensive income / (loss) for the year	-	-	(222)	153	-	(69)	63	(6)
Balance at 30 June 2017	83,789	504	608	153	(61,460)	23,635	1,872	25,507

The accompanying notes form part of these financial statements.

Quantum Energy Limited

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$000	2016 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		57,807	60,735
Payments to suppliers and employees		(57,273)	(64,535)
Interest received		27	76
Finance costs		(587)	(409)
Income tax paid		(211)	(325)
Net cash provided by (used in) operating activities		(237)	(4,458)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		149	-
Purchase of property, plant and equipment		(28)	(841)
Dividends received from unrelated entity		-	9
Payments for acquisition of investment, net of cash acquired - Hunex		-	(509)
Payments for acquisition of investments – QHC Thailand and QHC Korea		(526)	(191)
Payments for financial assets		(1,107)	(2,369)
Proceeds from sale of financial assets		2,767	5,359
Net cash provided by (used in) investing activities		1,255	1,458
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances/Repayment of borrowings		(902)	2,289
Net cash provided by (used in) financing activities		(902)	2,289
Net increase/(decrease) in cash held		116	(711)
Cash at beginning of period		348	1,059
Cash at end of period	5	464	348

The accompanying notes form part of these financial statements

Quantum Energy Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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 2016 annual financial report.

NOTE 2: REVENUE AND OTHER INCOME

	2017 \$000	2016 \$000
Revenue		
Sale of goods	41,877	43,919
Services revenue	15,748	13,919
	<u>57,625</u>	<u>57,838</u>
Other Revenue		
Interest receivable- other entities	27	77
Interest receivable – related parties	374	377
Dividend from unrelated parties	10	9
Other revenue	640	268
Forgiveness of liability	-	228
	<u>1,051</u>	<u>959</u>
Total Revenue	<u>58,676</u>	<u>58,797</u>

NOTE 3: PROFIT /(LOSS) FOR THE YEAR

Expenses

Finance costs		
- External	607	789
- Related parties	670	803
Total finance costs	<u>1,277</u>	<u>1,592</u>

NOTE 4: EARNINGS PER SHARE

Net profit/ (loss)

Earnings used to calculate basic EPS	(1,709)	(642)
Earnings used to calculate diluted EPS	(1,709)	(642)

	No.	No.
(a) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	1,018,308,291	1,018,308,291
(b) Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	1,018,308,291	1,018,308,291

Quantum Energy Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

NOTE 5: CASH AND CASH EQUIVALENTS

	2017	2016
	\$000	\$000
Cash as shown in the Balance Sheet is reconciled to cash at the end of the financial year shown in the Statement of Cash Flows		
Cash at bank and in hand	2,119	2,980
Bank overdraft (included in Borrowings – current)	(1,655)	(2,632)
	464	348

NOTE 6: ISSUED CAPITAL

	2017	2016	2017	2016
	No.	No.	\$000	\$000
CURRENT				
Fully paid ordinary shares	1,018,308,291	1,018,308,291	83,789	83,789
Movements:				
At beginning of the year	1,018,308,291	1,018,308,291	83,789	83,789
At the end of the year	1,018,308,291	1,018,308,291	83,789	83,789

NOTE 7: SEGMENT REPORTING

	Environmental Services		Medical		Investments		Unallocated		Elimination		Consolidated Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Total revenue - Australia	9,623	11,840	12,108	17,153	-	1,174	373	367	-	-	22,104	30,534
Total revenue – China	174	288	-	-	-	-	-	-	-	-	174	288
Total revenue – Thailand	-	-	7,985	4,369	-	-	-	-	-	-	7,985	4,369
Total revenue – Korea	-	-	28,413	23,606	-	-	-	-	-	-	28,413	23,606
Total revenue and other income	9,797	12,128	48,506	45,128	-	1,174	373	367	-	-	58,676	58,797
Profit/(Loss) - Australia	(3,033)	(1,589)	1,798	3,003	-	563	(604)	(1,057)	(60)	(640)	(1,899)	280
Profit/(Loss) - China	(1,728)	(892)	-	-	-	-	-	-	-	-	(1,728)	(892)
Profit/(Loss) - Thailand	-	-	1,184	340	-	-	-	-	-	-	1,184	340
Profit/(Loss) - Korea	-	-	1,702	(208)	-	-	-	-	-	-	1,702	(208)
Total Profit/(loss)	(4,761)	(2,481)	4,684	3,135	-	563	(604)	(1,057)	(60)	(640)	(741)	(480)
Segment assets - Australia	4,242	8,142	28,446	35,299	-	-	2,217	2,084	-	-	34,905	45,525
Segment assets - China	1,926	3,966	-	-	-	-	-	-	-	-	1,926	3,966
Segment assets - Thailand	-	-	6,156	4,131	-	-	-	-	-	-	6,156	4,131
Segment assets - Korea	-	-	21,658	13,543	-	-	-	-	-	-	21,658	13,543
Total assets	6,168	12,108	56,260	52,973	-	-	2,217	2,084	-	-	64,645	67,165
Segment liabilities - Australia	2,954	4,132	10,927	10,642	-	-	6,483	5,587	-	-	20,364	20,361
Segment liabilities - China	1,690	2,104	-	-	-	-	-	-	-	-	1,690	2,104
Segment liabilities - Thailand	-	-	2,188	1,933	-	-	-	-	-	-	2,188	1,933
Segment liabilities - Korea	-	-	14,896	16,513	-	-	-	-	-	-	14,896	16,513
Total Liabilities	4,644	6,236	28,011	29,088	-	-	6,483	5,587	-	-	39,138	40,911

Quantum Energy Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

NOTE 8: GOODWILL

	2017	2016
	\$000	\$000
Goodwill is attributed to the following businesses:		
Medical:		
- Insight Oceania Pty Ltd	11,811	11,811
- Quantum Healthcare Korea Co. Ltd	5,102	5,102
- Quantum Healthcare Thailand Co. Ltd	2,231	2,231
- D&D Hunex Co Ltd	839	839
Heat pump Technologies	144	144
	<hr/> 20,127	<hr/> 20,127