

Quantum Energy
Interim Financial Report

Appendix 4D

Half-Year Report

Period ended 31 December 2017

This information is provided under listing rule 4.2A.3 for the half-year ended 31 December 2017.

Results for Announcement to the market

	Half-year ended 31 December 2017 \$	Half-year ended 31 December 2016 \$	Amount change \$	% change
Revenue from ordinary activities	30,112,076	29,423,096	688,980	2%
Profit (Loss) for the period attributable to members	270,070	(171,204)	441,274	N/A

No dividends have been paid, declared or recommended by the Company during the half-year ended 31 December 2017.

Net tangible assets per security

	As at 31 December 2017 cents	As at 30 June 2017 cents
Net tangible assets per ordinary share	0.42	0.30

Review report

This report is based on accounts which have been reviewed by HLB Mann Judd.



Quantum Energy Limited

A.B.N. 19 003 677 245

And its controlled entities

**Half-Yearly Report
31 December 2017**

Interim Financial Report

DIRECTORS' REPORT

Your directors submit the financial report of the Group for the half-year ended 31 December 2017.

Directors

The names of the directors who held office during or since the end of the half-year are:

Drew Townsend, Chairman

John Walstab, Managing Director

Alan McCarthy, Non-executive Director (Appointed 20 September, 2017)

Angus Mackenzie, Non-executive Director (Retired 20 September, 2017)

Review of Operations

The Medical Services division has continued to perform to target in this period.

The Quantum Health Group provides specialised sales, service and clinical support for high-end medical imaging, oncology and women's healthcare products in South-East Asia. Quantum expects continued expansion and growth within the Health Group and will continue to seek new partnership opportunities in healthcare throughout SE Asia. The Environmental Services business has completed restructuring, resulting in improved sales and reduced expenses in this division.

Rounding of Amounts

The Group is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial report. Certain amounts in the financial report and the directors' report have been rounded to the nearest \$1,000 in accordance with that instrument.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2017 is set out on page 2.

This report is signed in accordance with a resolution of the Board of Directors.



Director Drew Townsend

Dated: 28 February 2018

QUANTUM ENERGY LIMITED

ABN 19 003 677 245

AUDITOR'S INDEPENDENCE DECLARATION – REVIEW

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

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

This declaration is in relation to Quantum Energy Limited and the entities it controlled during the half-year.

A handwritten signature in black ink, appearing to read 'D K Swindells', written in a cursive style.

Sydney, NSW
28 February 2018

D K Swindells
Partner

Interim Financial Report

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31/12/2017	31/12/2016
	\$ 000	\$ 000
Revenue from continuing activities	30,112	29,423
Cost of sales	(17,762)	(16,270)
Advertising and promotion expenses	(277)	(165)
Depreciation and amortisation expense – non-manufacturing	(210)	(206)
Employee benefits expense	(5,379)	(6,290)
Finance costs	(612)	(665)
Insurance	(161)	(112)
Motor vehicle expenses	(245)	(349)
Occupancy (rent) expenses	(496)	(727)
Research and development expenditure	(130)	(300)
Travel expenses	(704)	(628)
Telephones & internet	(89)	(109)
Foreign Exchange	(60)	(590)
Profit / (loss) on disposal of Renewable Energy Certificates	(7)	368
Fair value profit / (loss) on financial assets	92	(376)
Other expenses	(2,594)	(2,136)
Profit from Continuing Operations before income tax	1,478	868
Income tax (expense) credit	(565)	(282)
Net profit from Continuing Operations	913	586
Loss from Discontinued Operations	(1)	0
Net profit after tax	912	586
Other comprehensive income		
Items that may be reclassified to profit or loss		
Translation of foreign subsidiaries	180	76
Total comprehensive income for the period	1,092	662
 Profit for the period is attributable to :		
Non-controlling interests	642	757
Owners of the parent	270	(171)
	912	586
 Total comprehensive income for the period is attributable to:		
Non-controlling interests	695	809
Owners of the parent	397	(147)
	1,092	662
 Earnings /(loss) per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the company		
Basic earnings/(loss) per share (cents per share)	0.03	(0.02)
Diluted earnings/(loss) per share (cents per share)	0.03	(0.02)
 Earnings /(loss) per share for profit/(loss) attributable to the ordinary equity holders of the company		
Basic earnings/(loss) per share (cents per share)	0.03	(0.02)
Diluted earnings/(loss) per share (cents per share)	0.03	(0.02)

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

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

Interim Financial Report

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2017

	Consolidated	
	31/12/2017	30/06/2017
	\$ 000	\$ 000
CURRENT ASSETS		
Cash and cash equivalents	3,729	2,119
Trade and other receivables	15,185	14,219
Inventories	12,882	11,969
Financial assets	273	909
Other current assets	5,885	2,425
TOTAL CURRENT ASSETS	37,954	31,641
NON-CURRENT ASSETS		
Trade and other receivables	-	111
Financial assets	6,274	6,032
Property, plant and equipment	3,638	3,760
Deferred tax assets	2,175	2,278
Intangible assets	20,127	20,127
Other	915	535
TOTAL NON-CURRENT ASSETS	33,129	32,843
TOTAL ASSETS	71,083	64,484
CURRENT LIABILITIES		
Trade and other payables	22,674	16,838
Borrowings	11,350	10,659
Current tax liabilities	506	846
Employee benefits	1,037	1,006
TOTAL CURRENT LIABILITIES	35,567	29,349
NON-CURRENT LIABILITIES		
Trade and other payables	1,331	1,688
Borrowings	6,117	6,400
Employee benefits	190	175
Defined benefit plans	1,279	1,365
TOTAL NON-CURRENT LIABILITIES	8,917	9,628
TOTAL LIABILITIES	44,484	38,977
NET ASSETS	26,599	25,507
EQUITY		
Capital & reserves attributable to owners of Quantum Energy Limited		
Issued capital	83,789	83,789
Reserves	1,433	1,306
Retained earnings (accumulated losses)	(61,190)	(61,460)
	24,032	23,635
Non-controlling interests	2,567	1,872
TOTAL EQUITY	26,599	25,507

The above balance sheet should be read in conjunction with the accompanying notes.

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

Interim Financial Report

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Attributable to the members of Quantum Energy Limited					Attributable to non-controlling interests	Total
	Ordinary Share Capital	Undistributable Profits Reserve	Exchange Translation Reserve	Actuarial Gain Reserve	Retained Profits (Losses)	Total	
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Consolidated							
Balance at 1 July 2016	83,789	504	871	-	(59,751)	25,413	26,254
Profit / (Loss) for the period	-	-	-	-	(171)	(171)	586
Other comprehensive profit / (loss) for the period	-	-	24	-	-	24	76
Balance at 31 December 2016	83,789	504	895	-	(59,922)	25,266	26,916
Balance at 1 July 2017	83,789	504	649	153	(61,460)	23,635	25,507
Profit / (Loss) for the period	-	-	-	-	270	270	912
Other comprehensive profit / (loss) for the period	-	-	127	-	-	127	180
Balance at 31 December 2017	83,789	504	776	153	(61,190)	24,032	26,599

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

Interim Financial Report

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31/12/2017 \$000	31/12/2016 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	39,297	32,286
Payments to suppliers and employees	(37,133)	(30,601)
Interest received	-	20
Finance costs	(378)	(359)
Income tax paid	(802)	(67)
Net cash provided by operating activities	984	1,279
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for acquisition of investment – QHC Korea	(410)	(425)
Purchase of property, plant and equipment	(90)	(15)
Dividends received	-	5
Payments for financial assets	(430)	(727)
Proceeds from sale of financial assets	1,279	3,139
Proceeds from sale of property, plant and equipment	-	225
Net cash provided by investing activities	349	2,202
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Repayment of lease liabilities	(15)	-
Advances/(Repayment of borrowings)	1,947	(2,881)
Net cash provided by / (used in) financing activities	1,932	(2,881)
Net increase in cash held	3,265	600
Cash at beginning of period	464	348
Cash at end of period	3,729	948
Cash balance made up of:		
Cash at Bank	3,729	3,188
Overdraft	-	(2,240)
	3,729	948

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

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The half-year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Quantum Energy Limited (“the Company”) and its controlled entities (collectively “the Group”) during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the Group and are consistent with those applied in the June 2017 financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected current assets, non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

New Accounting Standards for Application in Future Periods

The Australian Accounting Standards Board has issued new, revised and amended standards and interpretations (including AASB 15: Revenue from Contracts with Customers and AASB 16: Leases) that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards.

In AASB 15 the AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards

The standard permits a modified retrospective approach for its adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 July 2018), i.e. without restating the comparative period. They will only need to apply the new standard to contracts that are not completed as of the date of initial application.

AASB 16 removes the distinction between operating and finance leases – if an agreement meets the definition of a lease then it is recorded on the balance sheet (subject to the exceptions discussed below). The balance sheet will have a right to use asset (non-current) and a lease liability (split between current and non-current). The income statement will show interest expense in relation to the liability and depreciation of the right of use asset.

There are two exceptions to the general lease recognition criteria. If these are used, the leases are accounted for under the existing operating lease accounting treatment:

- Short-term leases – those leases where the lease term is less than 12 months and there is no purchase option included within the lease;
- Low value assets – the underlying assets being leased are considered low value (in the region of \$10,000).

AASB 16 will cause significant changes to the balance sheet of the Group and ratios such as earnings before interest and tax (EBIT / EBITDA). This may affect bank covenants, bonus arrangements and solvency ratios – refer to Note 24 for further commentary relating to covenants.

Management has yet to assess the impact of the new standards and, at this stage, the Group is not able to estimate the impact of the new standards on the Group’s financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

NOTE 2: DIVIDENDS

No amounts have been paid, declared or recommended by the Company by way of dividend since the commencement of the financial period.

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

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 3: SEGMENT INFORMATION

	Environmental Services		Medical		Unallocated		Elimination		Consolidated	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Total revenue - Australia	6,063	5,439	7,955	6,450	152	182	(3,987)	(2,377)	10,183	9,694
Total revenue- China	4,071	2,444	-	-	4	-	-	-	4,075	2,444
Total revenue - Thailand	-	-	5,907	4,649	-	-	-	-	5,907	4,649
Total revenue - Korea	-	-	9,947	12,636	-	-	-	-	9,947	12,636
Total revenue	10,134	7,883	23,809	23,735	156	182	(3,987)	(2,377)	30,112	29,423
Profit/(Loss) after income tax - Australia	(258)	(740)	1,051	1,360	(359)	(670)	(91)	(536)	343	(586)
Profit/(Loss) after income tax - China	(186)	(546)	-	-	(0)	-	-	-	(186)	(546)
Profit/(Loss) after income tax - Thailand	-	-	1,209	863	-	-	-	-	1,209	863
Profit/(Loss) after income tax - Korea	-	-	(454)	855	-	-	-	-	(454)	855
Total profit / (loss) after income tax	(444)	(1,286)	1,806	3,078	(359)	(670)	(91)	(536)	912	586
	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun
	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Segment assets - Australia	4,458	4,242	27,688	28,446	3,404	2,056	134	-	35,684	34,744
Segment assets - China	4,017	1,926	-	-	-	-	-	-	4,017	1,926
Segment assets - Thailand	-	-	8,198	6,156	-	-	-	-	8,198	6,156
Segment assets - Korea	-	-	23,184	21,658	-	-	-	-	23,184	21,658
Total segment assets	8,475	6,168	59,070	56,260	3,404	2,056	134	-	71,083	64,484
Segment liabilities - Australia	8,595	2,954	7,671	10,927	12,565	6,322	(8,198)	-	20,633	20,203
Segment liabilities - China	2,117	1,690	-	-	-	-	-	-	2,117	1,690
Segment liabilities - Thailand	-	-	437	2,188	-	-	-	-	437	2,188
Segment liabilities - Korea	-	-	21,297	14,896	-	-	-	-	21,297	14,896
Total segment liabilities	10,712	4,644	29,405	28,011	12,565	6,322	(8,198)	-	44,484	38,977

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 3: SEGMENT INFORMATION (continued)

The entity operates in two primary business segments being the Medical division focussing on high-end medical equipment distribution in Asia Pacific and the Environmental division for manufacture of energy saving heat pump technology used for heating and cooling systems internationally and other investments/assets.

NOTE 4 EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the consolidated entity, the results of these operations, or the state of the affairs of the consolidated entity in future financial periods.

Interim Financial Report

DIRECTORS' DECLARATION

In the opinion of the directors,

1. The financial statements and notes, as set out on pages 3 to 9, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that Quantum Energy Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



Director: Drew Townsend
Dated: 28 February 2018

QUANTUM ENERGY LIMITED
ABN 19 003 677 245
INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Quantum Energy Limited:

We have reviewed the accompanying half-year financial report of Quantum Energy Limited ("the company") which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

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

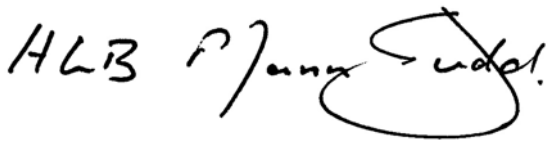
Independence

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

QUANTUM ENERGY LIMITED**ABN 19 003 677 245****INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)****Conclusion**

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 Quantum Energy Limited is not in accordance with the *Corporations Act 2001* including:

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



HLB Mann Judd
Chartered Accountants

Sydney, NSW
28 February 2018



D K Swindells
Partner