

Interim Financial Report

Appendix 4D

Half-Year Report

Period ended 31 December 2015

This information is provided under listing rule 4.2A.3 for the half-year ended 31 December 2015 and includes comparative information for the half-year ended 31 December 2014.

Results for Announcement to the market

	Half-year ended 31 December 2015 \$	Half-year ended 31 December 2014 \$	Amount change \$	% change
Revenue from ordinary activities	32,203,684	15,530,928	16,672,756	107%
Profit (Loss) from continuing operations after tax attributed to members	781,430	219,913	561,517	255%
Loss from discontinued activities after tax attributed to members	-	(419,137)	419,137	-100%
Profit (Loss) for the period attributed to members	781,430	(199,224)	980,654	492%

No dividends have been paid, declared or recommended by the Company during the half-year ended 31 December 2015.

Net tangible assets per security

	As at 31 December 2015 cents	As at 30 June 2015 cents
Net tangible assets per ordinary share	0.47	0.60

Controlled entities

On 29 July, 2015 the Group acquired a 95 % holding in D&D Hunex Korea. Further details are provided in note 9 of the interim financial report.

Review report

This report is based on accounts which have been reviewed. HLB Mann Judd have qualified their review conclusion in relation to the comparatives (for the year ended 31 December 2014) for Quantum Healthcare Korea Co. Ltd.

Refer to the half-yearly financial report attached.



Quantum Energy Limited

A.B.N. 19 003 677 245

And its controlled entities

**Half-Yearly Report
31 December 2015**

Interim Financial Report

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2015.

Directors

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

Phillip Sidney, Managing Director
Drew Townsend, Chairman
John Walstab, Director

Review of Operations

The Environmental Services business is currently experiencing an improvement in the level of sales which should positively impact performance in the second-half of the year.

The Medical Services division is consolidating the three recent purchases and management believe there are significant growth opportunities in the Asian medical market of which Quantum Healthcare will be a beneficiary.

The Quantum Health Group provides specialised sales, service and clinical support for high-end medical imaging, Women's Health and Oncology equipment in South-East Asia. Quantum expects continued expansion and growth within the Health Group and will continue to seek new acquisition and partnership opportunities in healthcare in SE Asia.

Rounding of Amounts

The consolidated group has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded to the nearest \$1,000.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2015 is set out on page 2.

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



Director Drew Townsend

Dated: 29 February 2016

QUANTUM ENERGY LIMITED

ABN 19 003 677 245

AUDITOR'S INDEPENDENCE DECLARATION – REVIEW

As lead auditor for the review of the financial report of Quantum Energy Limited for the half-year ended 31 December 2015, 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.

This declaration is in respect of Quantum Energy Limited and the entities it controlled during the period.



Sydney, NSW
29 February 2016

A G Smith
Partner

Interim Financial Report

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Notes	31/12/2015 \$000	31/12/2014 \$000
Revenue from continuing activities		32,204	15,531
Profit from sale of associate		-	3,393
Cost of Sales		(19,879)	(8,909)
Advertising and promotion expenses		(163)	(229)
Depreciation and amortisation expense – non-manufacturing		(219)	(108)
Employee benefits expense		(6,373)	(5,199)
Finance costs		(622)	(492)
Insurance		(112)	(122)
Motor vehicle expenses		(330)	(257)
Occupancy (rent) expenses		(751)	(554)
Research and development expenditure		(312)	(268)
Travel expenses		(704)	(505)
Telephones & internet		(140)	(101)
Foreign Exchange		(749)	(923)
Profit on disposal of Renewable Energy Certificates		974	244
Fair value gain /(loss) on financial assets (Renewable Energy Certificates)		4	4
Other expenses		(1,654)	(1,222)
Profit from Continuing Operations before income tax		1,174	283
Income tax (expense) credit		(208)	19
Net profit from Continuing Operations		966	302
(Loss) from Discontinued Operations		-	(419)
Net profit after tax		966	(117)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Translation of foreign subsidiaries		(108)	1,211
Total comprehensive income for the period		858	1,094
Profit/(loss) for the period is attributable to:			
Non – controlling interests		184	82
Owners of the parent		782	(199)
		966	(117)
Profit/(loss) from continuing operations is attributable to:			
Non – controlling interests		184	82
Owners of the parent		782	220
		966	302
Total comprehensive income for the period is attributable to:			
Non – controlling interests		167	192
Owners of the parent		691	902
		858	1,094
Earnings /(loss) per share from continuing operations attributable to the ordinary equity holders of the company			
Basic earnings per share (cents per share)		0.08	0.02
Diluted earnings per share (cents per share)		0.08	0.02
Earnings /(loss) per share for profit/(loss) attributable to the ordinary equity holders of the company			
Basic earnings per share (cents per share)		0.08	(0.02)
Diluted earnings per share (cents per share)		0.08	(0.02)

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

Interim Financial Report

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2015

	Note	Consolidated	
		31/12/2015 \$000	30/06/2015 \$000
CURRENT ASSETS			
Cash and cash equivalents		2,778	3,005
Trade and other receivables		11,458	5,866
Inventories		18,559	19,683
Financial assets		800	1,847
Other current assets		2,273	3,567
TOTAL CURRENT ASSETS		35,868	33,968
NON-CURRENT ASSETS			
Trade and other receivables		181	261
Financial assets		5,660	4,977
Investment accounted for using equity method	8	29	24
Property, plant and equipment		4,053	1,267
Deferred tax assets		1,630	1,589
Intangible assets		21,464	19,288
Other		817	604
TOTAL NON-CURRENT ASSETS		33,834	28,010
TOTAL ASSETS		69,702	61,978
CURRENT LIABILITIES			
Trade and other payables		16,657	17,859
Borrowings		15,338	8,561
Current tax liabilities		247	-
Short term provisions		1,667	1,838
TOTAL CURRENT LIABILITIES		33,909	28,258
NON-CURRENT LIABILITIES			
Trade and other payables		3,554	2,918
Borrowings		3,142	3,370
Employee benefits		1,228	408
TOTAL NON-CURRENT LIABILITIES		7,924	6,696
TOTAL LIABILITIES		41,833	34,954
NET ASSETS		27,869	27,024
EQUITY			
Issued capital		83,789	83,789
Non-controlling interests		814	660
Reserves		1,593	1,684
Retained earnings (accumulated losses)		(58,327)	(59,109)
TOTAL EQUITY		27,869	27,024

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Attributable to the members of Quantum Energy Limited						Total
	Ordinary Share Capital	Undistributable Profits Reserve	Exchange Translation Reserve	Retained Profits (Losses)	Total	Attributable to non-controlling interest	
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	
Consolidated							
Balance at 1 July 2014	83,789	504	9	(59,518)	24,784	-	24,784
Non-controlling interest on acquisition	-	-	-	-	-	686	686
Loss for the period	-	-	-	(199)	(199)	82	(117)
Other comprehensive income for the period	-	-	1,101	-	1,101	110	1,211
Balance at 31 December 2014	83,789	504	1,110	(59,717)	25,686	878	26,564
Balance at 1 July 2015	83,789	504	1,180	(59,109)	26,364	660	27,024
Transactions with non-controlling interest	-	-	-	-	-	17	17
Non-controlling interest on acquisition	-	-	-	-	-	(30)	(30)
Profit for the period	-	-	-	782	782	184	966
Other comprehensive (loss) for the period	-	-	(91)	-	(91)	(17)	(108)
Balance at 31 December 2015	83,789	504	1,089	(58,327)	27,055	814	27,869

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

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CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31/12/2015	31/12/2014
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	28,250	19,114
Payments to suppliers and employees	(28,821)	(17,771)
Interest received	43	66
Finance costs	(172)	(203)
Income tax paid	(147)	-
	<hr/>	<hr/>
Net cash provided by operating activities	(847)	1,206
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for acquisition of subsidiaries net of cash acquired	(509)	4
Purchase of property, plant and equipment	(555)	-
Dividends received	4	4
Payments for financial assets	(1,168)	(993)
Proceeds from sale of financial assets	3,025	1,253
Proceeds from sale of associate	-	3,922
	<hr/>	<hr/>
Net cash provided by investing activities	797	4,190
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances/Repayment of borrowings	(677)	(1,693)
	<hr/>	<hr/>
Net cash used in financing activities	(677)	(1,693)
	<hr/>	<hr/>
Net increase in cash held	(727)	3,703
Cash at beginning of period	1,059	1,771
	<hr/>	<hr/>
Cash at end of period	332	5,474
	<hr/> <hr/>	<hr/> <hr/>
Cash balance made up of:		
Cash at Bank	2,778	5,474
Overdraft	(2,446)	-
	<hr/>	<hr/>
	332	5,474
	<hr/>	<hr/>

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

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Quantum Energy Limited and its controlled entities 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 consolidated group and are consistent with those in the June 2015 financial report.

The half-year report does not include full disclosures of the type normally included in an annual 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 (AASB) has issued new, revised and amended standards and interpretations (being AASB 9: *Financial Investments* and AASB 15: *Revenue from Contracts with Customers*) that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. AASB 9 is not expected to have a material impact on the financial statements of the Group. In relation to 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 the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 July 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

Management has yet to assess the impact of the new rules and, at this stage, the Group is not able to estimate the impact of the new rules 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 entity 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 (2014: Nil).

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 3: DISCONTINUED OPERATIONS

	31/12/2015	31/12/2014
	\$ 000	\$ 000
(a) Financial Performance Information		
Financial Performance information in relation to Discontinued operation as described in (c) below		
Revenue	-	-
Expenses	-	-
Net Loss before Income Tax	-	-
Income Tax expense /(credit)	-	419
Loss after income tax from Discontinued Operations	-	(419)
(b) Cash Flow information		
Cash flow information in relation to Discontinued operation as described in (e) below)		
Net Cash (out) flow from Operating Activities	-	-
Net Cash (out) flow from Investing Activities	-	-
Net Cash (out) flow from Financing Activities	-	-

(c) Discontinued Operation

On 30 June 2011 the Company closed down its retail Solar Power Division. During the year ended 30 June 2013 the company sold its remaining assets and settled the liabilities attributable to this division. Deferred tax assets were written off in relation to this division during the half-year ended 31 December 2014.

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 2015

NOTE 4: SEGMENT INFORMATION

	Environmental Services		Medical		Investments		Unallocated		Eliminations		Consolidated-Continuing Operations		Discontinued Operations		Consolidated		
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Total revenue and other income-																	
Australia	4,470	2,331	10,896	5,922	1,175	-	214	184	(3,747)	-	13,008	8,437	-	-	13,008	8,437	
Total revenue - China	3,913	1,998	-	-	-	-	3	-	-	-	3,916	1,998	-	-	3,916	1,998	
Total revenue - Thailand	-	-	2,427	1,908	-	-	-	-	(233)	-	2,194	1,908	-	-	2,194	1,908	
Total revenue - Korea	-	-	13,086	3,188	-	-	-	-	-	-	13,086	3,188	-	-	13,086	3,188	
Total revenue	8,383	4,329	26,409	11,018	1,175	-	217	184	(3,980)	-	32,204	15,531	-	-	32,204	15,531	
Profit/(Loss) after income tax - Australia	(1,175)	(703)	2,869	(583)	563	3,363	(403)	(340)	(844)	(344)	1,010	1,393	-	(419)	1,010	974	
Profit/(Loss) after income tax - China	(543)	(1,023)	-	-	-	-	-	-	-	-	(543)	(1,023)	-	-	(543)	(1,023)	
Profit/(Loss) after income tax - Thailand	-	-	270	152	-	-	-	-	-	-	270	152	-	-	270	152	
Profit/(Loss) after income tax - Korea	-	-	229	(220)	-	-	-	-	-	-	229	(220)	-	-	229	(220)	
Total profit/(loss) after income tax	(1,718)	(1,726)	3,368	(651)	563	3,363	(403)	(340)	(844)	(344)	966	302	-	(419)	966	(117)	
	31 Dec 2015	30 June 2015	31 Dec 2015	30 June 2015	31 Dec 2015	30 June 2015	31 Dec 2015	30 June 2015	31 Dec 2015	30 June 2015	31 Dec 2015	30 June 2015	31 Dec 2015	30 June 2015	31 Dec 2015	30 June 2015	
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	
Segment assets - Australia	6,408	4,995	29,547	34,262	148	1,339	17,008	9,509	(4,981)	(7,415)	48,130	42,690	-	2	48,130	42,692	
Segment assets - China	3,999	5,550	-	-	-	-	-	-	-	-	3,999	5,550	-	-	3,999	5,550	
Segment assets - Thailand	-	-	3,852	4,160	-	-	-	-	-	-	3,852	4,160	-	-	3,852	4,160	
Segment assets - Korea	-	-	13,721	9,576	-	-	-	-	-	-	13,721	9,576	-	-	13,721	9,576	
Total segment Assets	10,407	10,545	47,120	47,998	148	1,339	17,008	9,509	(4,981)	(7,415)	69,702	61,976	-	2	69,702	61,978	
Segment liabilities - Australia	11,133	3,239	7,305	8,658	-	18	10,977	9,320	(6,503)	(1,221)	22,912	20,014	-	-	22,912	20,014	
Segment liabilities - China	1,519	1,417	-	-	-	-	-	-	-	-	1,519	1,417	-	-	1,519	1,417	
Segment liabilities - Thailand	-	-	123	2,053	-	-	-	-	-	-	123	2,053	-	-	123	2,053	
Segment liabilities - Korea	-	-	17,279	11,470	-	-	-	-	-	-	17,279	11,470	-	-	17,279	11,470	
Total Segment liabilities	12,652	4,656	24,707	22,181	-	18	10,977	9,320	(6,503)	(1,221)	41,833	34,954	-	-	41,833	34,954	

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 4: SEGMENT INFORMATION (continued)

The entity operates in three business segments, being the manufacturing and distribution of energy saving heat pump technology, hot water and heat/cooling systems, the distribution of high-end medical products and investments in Renewable Energy Certificates and other assets.

The Discontinued Operations segment is the retail Solar Division which was distributing and installing photovoltaic products to consumers. This division was closed in June 2011.

NOTE 5: CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities.

NOTE 6 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.

NOTE 7: IMPAIRMENT

Goodwill has been tested for impairment at 31 December 2015 and the Directors believe no adjustment is required in relation to the carrying value of goodwill as at 31 December 2015.

NOTE 8 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

The group's share of the results of its associates and its aggregate assets and liabilities are as follows:

		Country of incorporation	Nature of relationship	Ownership interest %	Assets \$ 000	Liabilities \$ 000	Revenue \$ 000	Profit/(Loss) \$ 000
31/12/2015	Quantum HQ	China	Joint Venture	50%	72	45	96	6
30/06/2015	Quantum HQ	China	Joint Venture	50%	65	43	151	1

Share of contingent liabilities of associate is \$ Nil (30 June 2015: \$ Nil).

NOTE 9 ENTITIES ACQUIRED DURING THE PERIOD

(a) Summary of acquisitions

On 29 July 2015 the Group acquired a 95 % holding in D & D Hunex Korea Co., Ltd, distributors of high end medical equipment in Korea to expand the Group's presence in this sector.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	D&D Hunex \$'000
Purchase consideration (refer to (b) below)	
Contingent consideration	-
Deferred consideration	695
Cash paid	921
	1,616

Of the cash paid, \$384,000 in relation to the purchase of D&D Hunex was paid during the year ended 30 June 2015.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 9 ENTITIES ACQUIRED DURING THE PERIOD (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value D&D Hunex \$'000
Cash	27
Stock	2,302
Trade Debtors	2,105
Property, Plant and Equipment	2,404
Other Assets	1,384
Trade creditors	(2,810)
Other liabilities	(5,576)
	(164)
Net identifiable liabilities acquired	(164)
Less: non-controlling interests	30
Add: goodwill	1,750
Net assets acquired	1,616

The business has initially been accounted for on a provisional basis. The consolidated group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the date of acquisition. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer received all possible information possible to determine fair value.

(i) Contingent consideration

No additional amounts are payable for the acquisition of the subsidiary.

(ii) Non-controlling interests

In accordance with the accounting policies, the group elected to recognise the non-controlling interest as a proportionate share of the acquired net identifiable assets.

(b) Purchase consideration – cash flow

	\$'000
Outflow of cash to acquire, net of cash acquired	
Cash consideration	536
Less cash balances acquired	(27)
Outflow of cash- investing activities	509

NOTE 10 RESTATEMENT OF COMPARATIVES

During the period ended 31 December 2015, management noted that the financial statements of Quantum Healthcare Korea Co.Ltd (“QHK”) during the period ended 31 December 2014 contained some errors. This resulted as the accounting records of QHK were prepared on a cash basis and not in accordance with International Financial Reporting Standards prior to QHK being acquired by the Company.

Management have attempted to restate the 31 December 2014 comparative figures for the statement of profit and loss and other comprehensive income, and the cashflow statement. However, because of incomplete accounting records of QHK as at this date, the restatements may still contain some errors.

Management note that the accounting records of QHK for the year ended 30 June 2015, including the opening balances at 1 July 2014 when the Company acquired QHK, are in accordance with International Financial Reporting Standards.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 10 RESTATEMENT OF COMPARATIVES (continued)

The impact of the restatement of the results of QHK are as follows:

Impact on the Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Dec 2014 \$ 000	Reinstated 2014 \$ 000	Movement \$ 000
Revenue from continuing activities	16,229	15,531	(698)
Cost of Sales	(8,790)	(8,909)	(119)
Advertising and promotion expenses	(369)	(229)	140
Depreciation and amortisation expense – non-manufacturing	(108)	(108)	-
Employee benefits expense	(5,089)	(5,199)	(110)
Finance costs	(451)	(492)	(41)
Insurance	(174)	(122)	52
Motor vehicle expenses	(269)	(257)	12
Occupancy (rent) expenses	(563)	(554)	9
Research and development expenditure	(292)	(268)	24
Travel expenses	(591)	(505)	86
Telephones & internet	(109)	(101)	8
Foreign Exchange	(923)	(923)	-
Profit (loss) on disposal of Renewable Energy Certificates	244	244	-
Fair value (profit)/loss on financial assets	4	4	-
Profit on sale of associate	3,393	3,393	-
Other expenses	(1,476)	(1,222)	254
Profit from Continuing Operations before income tax	666	283	(383)
Income tax (expense) credit	48	19	(29)
Net profit from Continuing Operations	714	302	(412)
(Loss) from Discontinued Operations	(419)	(419)	-
Net (Loss) profit after tax	295	(117)	(412)
Other comprehensive income			
Translation of foreign subsidiaries	1,211	1,211	-
Total comprehensive income for the period	1,506	1,094	412
Profit/(loss) for the period is attributable to :			
Non - controlling interests	185	82	(103)
Owners of the parent	110	(199)	(309)
	295	(117)	(412)
Profit/(loss) from continuing operations attributable to :			
Non - controlling interests	604	82	(522)
Owners of the parent	110	220	110
	714	302	(412)
Total comprehensive income for the period is attributable to:			
Non - controlling interests	185	192	7
Owners of the parent	1,321	902	(419)
	1,506	1,094	(412)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 10 RESTATEMENT OF COMPARATIVES (continued)

Impact on the Consolidated Cashflow Statement

	Dec 2014 \$ 000	Reinstated 2014 \$ 000	Movement \$ 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	19,812	19,114	(698)
Payments to suppliers and employees	(18,452)	(17,771)	681
Interest received	9	66	57
Finance costs	(163)	(203)	(40)
Net cash provided by (used in) operating activities	1,206	1,206	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from unrelated entity	4	4	-
Payments for acquisition of subsidiary net of cash acquired	4	4	-
Proceeds from sale of associate	3,922	3,922	-
Payments for financial assets	(993)	(993)	-
Proceeds from sale of financial assets	1,253	1,253	-
Net cash provided by (used in) investing activities	4,190	4,190	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances/Repayments of borrowings	(1,693)	(1,693)	-
Net cash provided by (used in) financing activities	(1,693)	(1,693)	-
Net increase/(decrease) in cash held	3,703	3,703	-
Cash at beginning of period	1,771	1,771	-
Cash at end of period	5,474	5,474	-

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

DIRECTORS' DECLARATION

In the opinion of the directors,

1. The financial statements and notes, as set out on pages 3 to 13 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 consolidated group's financial position as at 31 December 2015 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: 29 February 2016

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 balance sheet as at 31 December 2015, 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 2015 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*.

Basis for Qualified Conclusion – comparatives for the period ended 31 December 2014

Note 10 to the financial statements makes reference to errors made in the comparative figures of the subsidiary, Quantum Healthcare Korea Co.Ltd ("QHK") during the period ended 31 December 2014. The errors occurred as the accounting records of QHK were prepared on a cash basis and also were not in accordance with International Financial Reporting Standards prior to QHK being acquired by the Company.

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QUANTUM ENERGY LIMITED

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INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Basis for Qualified Conclusion – comparatives for the period ended 31 December 2014 (continued)

As noted at note 10 to the financial statements, management have attempted to restate the comparative figures of QHK for the period ended 31 December 2014. However, because of the accounting records maintained by QHK, we were unable to obtain all the information and explanations, and therefore sufficient appropriate evidence, we require in order to form a conclusion of the results of QHK for the half-year ended 31 December 2014.

Accordingly, we were unable to determine whether adjustments to the statement of profit or loss and other comprehensive income, balance sheet, statement of changes in equity and cash flow statement might be necessary for the half-year ended 31 December 2014.

The results of QHK recorded in the comparative figures for the period ended 31 December 2014 and to which this Basis for Qualified Conclusion section relates to are as follows:

Included in the Statement of Profit or Loss and Other Comprehensive Income:

	31/12/2014
	\$000
Revenue from continuing activities	3,188
Cost of Sales	(1,785)
Advertising and promotion expenses	(191)
Employee benefits expense	(810)
Finance costs	(100)
Insurance	(19)
Motor vehicle expenses	(72)
Occupancy (rent) expenses	(15)
Travel expenses	(30)
Telephones & internet	(2)
Other expenses	(354)
Loss from Continuing Operations before income tax	(190)
Income tax expense	(29)
Net loss from Continuing Operations	(219)
Loss from Discontinued Operations	-
Net loss after tax	(219)
Other comprehensive income	
Items that may be reclassified to profit or loss	
Translation of foreign subsidiaries	120
Total comprehensive loss for the period	(99)
Loss for the period is attributed to:	
Non-controlling interest	(35)
Owners of the parent	(184)
	(219)
Total comprehensive loss for the period is attributed to:	
Non-controlling interest	(16)
Owners of the parent	(83)
	(99)

QUANTUM ENERGY LIMITED

ABN 19 003 677 245

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Basis for Qualified Conclusion – comparatives for the period ended 31 December 2014 (continued)

Included in the Statement of Changes in Equity

	31/12/2014
	\$000
Loss for the period	(219)
Other comprehensive income for the period	(99)

Included in the Balance Sheet

	31/12/2014
	\$000
CURRENT ASSETS	
Cash and cash equivalents	74
Trade and other receivables	1,013
Inventories	359
Financial assets	398
Other current assets	29
TOTAL CURRENT ASSETS	<u>1,873</u>
NON-CURRENT ASSETS	
Property, plant and equipment	2,123
Other	911
TOTAL NON-CURRENT ASSETS	<u>3,034</u>
TOTAL ASSETS	<u>4,907</u>
CURRENT LIABILITIES	
Trade and other payables	503
Borrowings	925
Current tax liabilities	96
TOTAL CURRENT LIABILITIES	<u>1,524</u>
NON-CURRENT LIABILITIES	
Trade and other payables	-
Borrowings	1,433
Employee benefits	-
TOTAL NON-CURRENT LIABILITIES	<u>1,433</u>
TOTAL LIABILITIES	<u>2,957</u>
NET ASSETS	<u>1,950</u>

Impact on the Cash Flow Statement

The impact on the cash flow statement for QHK as an individual entity could not be determined by management due to the accounting records maintained.

Our conclusion on the comparative figures recorded in the half-year financial report for the half-year ended 31 December 2015 which relate to the period ended 31 December 2014 is modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding comparative figures.

QUANTUM ENERGY LIMITED

ABN 19 003 677 245

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Basis for Qualified Conclusion – comparatives for the period ended 31 December 2014 (continued)

Qualified Conclusion

Based on our review, which is not an audit, except for the possible effects on the financial statements of the matters referred to in the Basis for Qualified Conclusion paragraphs above, 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 2015 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*.

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the Company for the half-year ended 31 December 2015 published in the concise financial report and included on the company's website. The Company's directors are responsible for the integrity of the Company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

**Sydney, NSW
29 February 2016**

A handwritten signature in black ink that reads 'A G Smith'.

**A G Smith
Partner**