

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

PRELIMINARY FINAL REPORT

Appendix 4E

Preliminary Final Report

Financial Year ended 30 June 2016

This information is provided under listing rule 4.3A for the year ended 30 June 2016 and includes comparative information for the year ended 30 June 2015.

Results for Announcement to the market

	Year ended 30 June 2016 \$	Year ended 30 June 2015 \$	Amount change \$	% change
Revenue from ordinary activities	59,094,385	39,152,210	19,942,175	51
Profit (Loss) from continuing operations after tax attributed to members	(642,123)	827,351	(1,469,474)	(178)
Loss from discontinued activities after tax attributed to members	-	(418,211)	(418,211)	(100)
Profit (Loss) for the period attributed to members	(642,123)	409,140	(1,051,263)	(257)

No dividends have been paid, declared or recommended by the Company during the year ended 30 June 2015.

Net tangible assets per security

	As at 30 June 2016 cents	As at 30 June 2015 cents
Net tangible assets per ordinary share	0.30	0.60

Controlled entities

On 29 July, 2015 the group acquired a 95% holding in D&D Hunex Co Ltd.



Quantum Energy Limited

And its controlled entities

A.B.N. 19 003 677 245

APPENDIX 4E

PRELIMINARY FINAL REPORT

YEAR ENDED 30 JUNE 2016

Quantum Energy Limited

APPENDIX 4E

Preliminary Final Report

Review of Operations

The Board of Directors and the Senior Management Team are pleased to advise that Quantum Energy Limited (Quantum) have delivered a significantly improved normalised financial performance (before abnormal items) for the year ended 30th June 2016 as follows:-

	2016	2015	Variance %
Gross Sales Revenue	\$59,094,385	\$39,152,200	+50.9%
EBITDA	\$1,450,123	\$1,533,140	

The foregoing results (before abnormal items) are most pleasing especially in light of the ongoing reconstruction of Quantum's Energy Business and the bedding down of our Asian Medical acquisitions in Thailand and Korea.

During the last 12 months we have continued with our strategy of "change" in our Energy Division with an aim of achieving a more "customer focused" business.

We expect to finalise this "change programme" over the next three to five months with the Energy Division "turning the corner" so to speak with improved sales and profit.

Over the last 12 months we have placed more emphasis on our Medical Division given the growth we anticipated both domestically and throughout Asia.

A large amount of effort has been placed on bedding down our 2014/2015 acquisitions in Thailand and Korea and we have now firmly established our Medical base in Asia.

The Medical Division expects continued sales & EBITDA growth in both domestic and Asian markets in 2016/2017.

As at today's date Quantum's "change programme" in the Energy Division continues apace and results experienced in July and August are ahead of expectations.

Likewise the Medical Division continues to grow ahead of budget both domestically as well as in Asia.

Thus subject to no unforeseen circumstances senior management are currently forecasting a much improved Sales Revenue and EBITDA line for the 2016/2017 financial year.

Financial position

The net assets of the consolidated group have decreased to \$ 26,254,000 as at 30 June 2016. 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.

Quantum Energy Limited

EPS and Diluted EPS

The loss per share for the current financial year was 0.06 cents as compared with earnings per share of 0.04 cents in the previous corresponding period. The diluted loss per share was 0.06 cents as compared with earnings per share of 0.04 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.

The consolidated group operations are not significantly affected by environmental regulations except to the extent that government regulatory legislation for environmental technologies may impact the growth of sales of energy efficient products.

Control gained or lost over entities having a material effect

On 29 July, 2015 the group also acquired 95% holding in D&D Hunex Co Ltd.

Audited Accounts

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



Drew Townsend
Chairman of the Board
31st August 2016

Quantum Energy Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated Group	
		2016	2015
		\$ 000	\$ 000
Revenue from continuing activities	2	58,857	39,153
Other income	2	228	3,394
Cost of Sales		(36,761)	(21,686)
Employee benefits expense		(13,074)	(10,865)
Depreciation and Amortization expense – non manufacturing		(438)	(232)
Advertising and promotion expenses		(385)	(463)
Finance costs	3	(1,592)	(892)
Legal fees		(92)	(72)
Research and development expenditure		(524)	(398)
Travel expenses		(1,206)	(1,099)
Motor vehicle expenses		(669)	(498)
Warranty expenses		(609)	(169)
Telephones & internet		(265)	(213)
Consultants		(211)	(136)
Freight & delivery expenses		(263)	(124)
Occupancy (rent) expenses		(1,450)	(1,165)
Insurance		(244)	(244)
Foreign exchange gain/(loss)		(600)	(1,869)
Profit on disposal of Renewable Energy Certificates		2,000	652
Fair value gain/(loss) on financial assets (Renewable Energy Certificates)		(140)	405
Share of profit/(loss) in associate	10	11	1
Other expenses		(3,163)	(1,884)
Profit/(Loss) from Continuing Operations before income tax		(580)	1,596
Income tax (expense) credit		(100)	(192)
Net profit (Loss) from Continuing Operations		(480)	1,404
(Loss) from Discontinued Operations	8	-	(418)
Net profit (Loss) after tax		(480)	986
Other comprehensive income			
Translation of foreign subsidiaries		(358)	1,266
Actuarial gain on retirement benefit obligations		49	-
Total comprehensive income / (loss) for the period		(789)	2,252
Profit/(loss) for the period is attributable to:			
Non-controlling interests		162	577
Owners of the parent		(642)	409
		(480)	986
Profit/(loss) from continuing operations attribute to:			
Non-controlling interests		162	577
Owners of the parent		(642)	827
		(480)	1,404
Total comprehensive income for the period is attributable to:			
Non-controlling interests		161	672
Owners of the parent		(950)	1,580
		(789)	2,252

Quantum Energy Limited
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)**

	Note	Consolidated Group	
		2016 \$ 000	2015 \$ 000
Earnings/(loss) per share for the loss from continuing operations attributable to the ordinary equity holders of the company			
Basic earnings/(loss) per share (cents per share)	4	(0.06)	0.08
Diluted earnings/(loss) per share (cents per share)	4	(0.06)	0.08
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	(0.06)	0.04
Diluted earnings/(loss) per share (cents per share)	4	(0.06)	0.04

The accompanying notes form part of these financial statements.

Quantum Energy Limited

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2016

		Consolidated	
	Note	2016	2015
		\$ 000	\$ 000
CURRENT ASSETS			
Cash and cash equivalents	5	2,980	3,005
Trade and other receivables		9,234	5,866
Inventories		16,589	19,683
Financial assets		2,964	1,847
Other current assets		2,982	3,567
TOTAL CURRENT ASSETS		34,749	33,968
NON-CURRENT ASSETS			
Investments accounted for using equity method	10	34	24
Trade and other receivables		-	261
Property, plant and equipment		4,242	1,267
Deferred tax assets		1,876	1,589
Intangible assets	9	20,850	19,288
Financial Assets		3,537	4,977
Other		2,306	604
TOTAL NON-CURRENT ASSETS		32,485	28,010
TOTAL ASSETS		67,594	61,978
CURRENT LIABILITIES			
Trade and other payables		17,909	17,859
Borrowings		13,738	8,561
Current tax liabilities		157	-
Short term provisions		1,986	1,838
TOTAL CURRENT LIABILITIES		33,790	28,258
NON-CURRENT LIABILITIES			
Trade and other payables		2,563	2,918
Borrowings		3,720	3,370
Employee benefits		1,266	408
TOTAL NON-CURRENT LIABILITIES		7,550	6,696
TOTAL LIABILITIES		41,340	34,954
NET ASSETS		26,254	27,024
EQUITY			
Issued capital	6	83,789	83,789
Non-controlling interests		841	660
Reserves		1,375	1,684
Retained earnings (accumulated losses)		(59,751)	(59,109)
TOTAL EQUITY		26,254	27,024

The accompanying notes form part of these financial statements.

Quantum Energy Limited

**CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Ordinary Share Capital	Undistributable Profits Reserve	Exchange Translation Reserve	Retained Profits (Losses)	Total	Attributable to non- controlling interests	Total
	\$ 000	\$ 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 of subsidiaries						(12)	(12)
Profit for the year				409	409	577	986
Other comprehensive income for the year	-	-	1,171		1,171	95	1,266
Balance at 30 June 2015	83,789	504	1,180	(59,109)	26,364	660	27,024
Balance at 1 July 2015	83,789	504	1,180	(59,109)	26,364	660	27,024
Non-controlling interest on acquisition of subsidiaries	-	-	-	-	-	20	20
Profit / (Loss) for the year	-	-	-	(642)	(642)	162	(480)
Other comprehensive income / (loss) for the year	-	-	(309)	-	(309)	(1)	(310)
Balance at 30 June 2016	83,789	504	871	(59,751)	25,413	841	26,254

The accompanying notes form part of these financial statements.

Quantum Energy Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$000	2015 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		60,735	46,649
Payments to suppliers and employees		(64,535)	(49,342)
Interest received		76	117
Finance costs		(409)	(438)
Income tax paid		(325)	(120)
Net cash provided by (used in) operating activities		(4,458)	(3,134)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	6
Purchase of property, plant and equipment		(841)	(485)
Dividends received from unrelated entity		9	8
Payments for acquisition of investment, net of cash acquired - Hunex	12b	(509)	-
Payments for acquisition of investment – QHC Thailand and QHC Korea		(191)	(2,072)
Payments for financial assets		(2,369)	(2,826)
Proceeds from sale of investment		-	3,900
Proceeds from sale of financial assets		5,359	2,723
Net cash provided by (used in) investing activities		1,458	1,254
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances/Repayment of borrowings		2,289	1,168
Net cash provided by (used in) financing activities		2,289	1,168
Net increase/(decrease) in cash held		(711)	(712)
Cash at beginning of period		1,059	1,771
Cash at end of period	5	348	1,059

The accompanying notes form part of these financial statements

Quantum Energy Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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 2015 annual financial report.

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated Group	
	2016	2015
	\$000	\$000
Revenue		
Sale of goods	43,919	27,026
Services revenue	13,919	11,450
	57,838	38,476
Other Revenue		
Interest receivable- other entities	77	118
Interest receivable – related parties	377	365
Dividend from unrelated parties	9	8
Other revenue	794	186
	1,257	677
Total Revenue	59,095	39,153
Other income		
Profit on disposal of associate	-	3,394
Write back of liability forgiven	228	-
	228	3,394

NOTE 3: PROFIT /(LOSS) FOR THE YEAR

Expenses		
Finance costs		
- External	789	442
- Related parties	803	450
Total finance costs	1,592	892

Quantum Energy Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 4: EARNINGS PER SHARE

	Consolidated Group	
	2016	2015
	Cents per Share	Cents per Share
Profit/(Loss) per share for the loss from continuing operations		
Basic earnings/ (loss) per share	(0.06)	0.08
Diluted earnings/ (loss) per share	(0.06)	0.08
Profit/ (Loss) per share for the net loss after tax		
Basic earnings/ (loss) per share	(0.06)	0.04
Diluted earnings/ (loss) per share	(0.06)	0.04
(a) Reconciliation of earnings to profit or loss		
	2016	2015
	\$ 000	\$ 000
Net profit/(loss) from continuing operations		
Earnings used to calculate basic EPS	(642)	827
Earnings used to calculate diluted EPS	(642)	827
Net profit/ (loss)		
Earnings used to calculate basic EPS	(642)	409
Earnings used to calculate diluted EPS	(642)	409
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	1,018,308,291	1,018,308,291
(c) Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	1,018,308,291	1,018,308,291

NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2016	2015
	\$000	\$000
Cash as shown in the Balance Sheet is reconciled to cash at the end of the financial year shown in the Cash Flow Statement		
Cash at bank and in hand	2,980	3,005
Bank Overdraft	(2,632)	(1,946)
	348	1,059

Quantum Energy Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 6: ISSUED CAPITAL

	Consolidated Group		Consolidated Group	
	2016	2015	2016	2015
	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 - Continuing Operations	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Total revenue - Australia	11,840	8,034	17,143	11,885	1,174	3,654	377	356	-	-	30,534	23,929
Total revenue - China	288	699	-	-	-	-	-	-	-	-	288	699
Total revenue - Thailand	-	-	4,369	4,552	-	-	-	-	-	-	4,369	4,552
Total revenue - Korea	-	-	23,904	13,367	-	-	-	-	-	-	23,904	13,367
Total revenue and other income	12,128	8,733	45,416	29,804	1,174	3,654	377	356	-	-	59,095	42,547
Profit/(Loss) - Australia	(1,589)	(1,641)	3,003	195	563	3,982	(1,057)	203	(640)	(1,699)	280	1,040
Profit/(Loss) - China	(892)	(1,717)	-	-	-	-	-	-	-	-	(892)	(1,717)
Profit/(Loss) - Thailand	-	-	340	565	-	-	-	-	-	-	340	565
Profit/(Loss) - Korea	-	-	(208)	1,516	-	-	-	-	-	-	(208)	1,516
Total Profit/(loss)	(2,481)	(3,358)	3,135	2,276	563	3,982	(1,057)	203	(640)	(1,699)	(480)	1,404
Segment assets - Australia	8,143	4,995	27,612	34,262	-	1,339	10,537	9,509	(8,794)	(7,415)	37,498	42,690
Segment assets - China	9,394	5,550	-	-	-	-	-	-	-	-	9,394	5,550
Segment assets - Thailand	-	-	4,381	4,160	-	-	-	-	-	-	4,381	4,160
Segment assets - Korea	-	-	16,321	9,576	-	-	-	-	-	-	16,321	9,576
Total assets	17,537	10,545	48,314	47,998	-	1,339	10,537	9,509	(8,794)	(7,415)	67,594	61,976
Segment liabilities - Australia	4,133	3,239	8,195	8,658	-	18	18,512	9,320	(10,050)	(1,221)	20,790	20,014
Segment liabilities - China	2,104	1,417	-	-	-	-	-	-	-	-	2,104	1,417
Segment liabilities - Thailand	-	-	1,933	2,053	-	-	-	-	-	-	1,933	2,053
Segment liabilities - Korea	-	-	16,513	11,470	-	-	-	-	-	-	16,513	11,470
Total Liabilities	6,237	4,656	26,641	22,181	-	18	18,512	9,320	(10,050)	(1,221)	41,340	34,954

Quantum Energy Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 7: SEGMENT REPORTING (CONTINUED)

	Discontinued Operations		Consolidated Group	
	2016 \$ 000	2015 \$ 000	2016 \$ 000	2015 \$ 000
Total revenue - Australia	-	-	30,534	23,929
Total revenue – China	-	-	288	699
Total revenue – Thailand	-	-	4,369	4,552
Total revenue - Korea	-	-	23,904	13,367
Total revenue	-	-	59,095	42,547
Profit/(Loss) from ordinary activities - Australia	-	(418)	280	622
Profit/(Loss) from ordinary activities - China	-	-	(892)	(1,717)
Profit/(Loss) from ordinary activities – Thailand	-	-	340	565
Profit/(Loss) from ordinary activities - Korea	-	-	(208)	1,516
Total Profit/(Loss) from ordinary activities	-	(418)	(480)	986
Segment assets - Australia	-	2	37,498	42,692
Segment assets - China	-	-	9,323	5,550
Segment assets - Thailand	-	-	4,381	4,160
Segment assets - Korea	-	-	16,621	9,576
Total Segment Assets	-	2	67,594	61,978
Segment liabilities – Australia	-	-	20,790	20,014
Segment liabilities – China	-	-	2,014	1,417
Segment liabilities – Thailand	-	-	1,933	2,053
Segment liabilities – Korea	-	-	16,513	11,470
Total Segment Liabilities	-	-	41,340	34,954

NOTE 8: DISCONTINUED OPERATIONS

	2016	2015
	\$000	\$000
(a) Financial Performance Information		
Financial Performance information in relation to Discontinued operation as described in (e) below		
Revenue	-	-
Expenses	-	(4)
Net Loss before Income Tax	-	-
Income Tax expense	-	(414)
Loss after income tax from Discontinued Operations	-	(418)
(b) Cash Flow information		
Cash flow information in relation to Discontinued Operation		
Net Cash (out) flow from Operating Activities	-	-
(c) Assets classified as held for sale		
Assets held for sale (discontinued operation – see (e) below)		
Trade Receivables	-	-

Quantum Energy Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 8: DISCONTINUED OPERATIONS (continued)

	2016	2015
	\$000	\$000
(d) Liabilities directly associated with assets classified as held for resale		
Liabilities held for sale (discontinued operation – see (e) below)	-	-
Trade & Other Payables	-	-

(e) Discontinued Operation

On 30 June 2011 the Company closed down its retail Solar Power Division.

NOTE 9: GOODWILL

	2016	2015
	\$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	1,562	-
Heat pump Technologies	144	144
	20,850	19,288

NOTE 10: INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	2016	2015
Information in relation to Associates	Ownership Interest	Ownership Interest
(i) Quantum HQ	-	50%

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

	Ownership interest %	Assets \$ 000	Liabilities \$ 000	Revenue \$ 000	Profit/(Loss) \$ 000
30/06/2015 Quantum HQ	50%	66	45	151	1

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

NOTE 11: RESULTS OF SUBSIDIARIES ACQUIRED DURING THE YEAR

Subsidiary acquired during the year contributed \$676,000 towards net loss of the group, of which \$163,000 was attributable to the non-controlling interest.

Quantum Energy Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 12: ENTITIES ACQUIRED DURING THE PERIOD

(a) Summary of acquisitions

On 29 July, 2015 the Group acquired 95% holding in D&D Hunex Co. Ltd, distributors of high end medical equipment in Korea respectively, 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)	
Deferred consideration	705
Cash paid	921
	1,626

Of the cash paid, \$384,000 was paid during the year ended 30 June 2015.

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

	Fair Value D&D Hunex \$000
Cash and overdrafts	27
Stock	2,292
Trade debtors	2,096
Property, plant and equipment	2,694
Other assets	1,337
Trade creditors	(1,382)
Other creditors	(6,980)
Net identifiable assets (liabilities) acquired	84
Non-controlling interests	(20)
Goodwill	1,562
Net assets acquired	1,626

(i) Non-controlling interests

In accordance with the accounting policies, the group elected to recognize 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 balance acquired	(27)
Outflow of cash – investing activities	509