



Quantum Energy Limited

And its controlled entities

A.B.N. 19 003 677 245

Annual Report
For the Financial Year Ended
30 June 2009

Quantum Energy Limited and Controlled Entities

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This financial report was authorised for issue by the board of Directors on 30 September 2009. The company has the power to amend and re-issue the financial report.

Quantum Energy Limited and Controlled Entities
Financial Report for the Year Ended 30 June 2009

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of Quantum Energy Limited will be held at the Registered Office of the Company, 56-60 Bourke Road, Alexandria, NSW 2015 on 27 November 2009 at 3.00 pm.

BUSINESS

1. To receive the financial report of the company and of the consolidated group for the year ended 30 June 2009 and the reports by directors and auditors thereon.
2. To elect one director
 - i. John Walstab who retires by rotation in accordance with the provisions of the constitution and, being eligible, offers himself for re-election.
3. To receive, consider and adopt the remuneration report of the company and of the consolidated group for the year ended 30 June 2009.
4. General: To transact any business which may be lawfully brought forward.

By Order of the Board



John Walstab

Secretary

Date 30 September 2009,

Quantum Energy Limited and Controlled Entities

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in their stead. That person need not be a member of the company, but should be a natural person over the age of 18 years. Forms must be lodged at the registered office of the company not less than 48 hours before the timing of the meeting.

PROXY FORM

Registered Office: 56-60 Bourke Road, Alexandria, NSW 2015

I/We

of

being a member/members of Quantum Energy Limited hereby appoint

of

or in his/her absence,

of

or in his/her absence, the Chairman of the Meeting as my/our general/special proxy to vote on my/our behalf at the Annual /Extraordinary General Meeting of the company to be held at 2:00pm on 27 November 2009 or at any adjournment of that meeting.

signed this day of 2009

Signature of Shareholder

Unless otherwise instructed the proxy will vote as he or she thinks fit, or abstain from voting. If the chairman is appointed proxy, he will vote all undirected proxies in favour of all resolutions. Should the member wish to direct the proxy how to vote, the following should be completed.

FOR	AGAINST	ABSTAIN
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Agenda item No.:

1. Adoption of Financial Report
2. Declaration of final dividend
3. Election and appointment of Director —
Re-election of John Walstab
4. Adopt the remuneration report

Quantum Energy Limited and Controlled Entities

CORPORATE GOVERNANCE STATEMENT

Quantum Energy is committed to good corporate governance and disclosure and the company has adopted most of the ASX's "Corporate Governance Principles and Recommendations". Where specific ASX recommendations have not been adopted, the Company provides an explanation which is detailed below.

Board Composition

The names of the directors of the company (as at the date of this report) are detailed below:

John Walstab	Executive director
Phillip Sidney	Managing director
Drew Townsend (Chairman)	Non-executive director

All directors have been in office since the start of the financial year.

1. Lay solid foundations for management and oversight

1.1 Formalise and disclose the functions of the board and management

The directors of the Company are accountable to shareholders for the proper management of the business and affairs of the Company. The directors are members of the board.

The key responsibilities of the board are:

- the oversight of the company, including its control and accountability systems;
- establishing, monitoring and modifying corporate strategies and performance objectives;
- ensuring that appropriate risk management systems, internal compliance and control, reporting systems, codes of conduct, and legal compliance measures are in place;
- monitoring the performance of management and implementation of strategy, and ensuring appropriate resources are available;
- approving and monitoring of financial and other reporting;
- approving dividends, major capital expenditure, acquisitions and capital raising;
- appointment and removal of executives, Company Secretary and senior management.

1.2 The performance of executives

The performance of executives is assessed by the board and the board makes decisions on the number and bases of any bonuses and options. Senior executives are assessed regularly by the board.

2. Structure the board to add value

2.1 Board composition

The composition of the board has been detailed above.

The skills, experience and expertise relevant to the position of each director who was in office at the date of the 2009 Annual Report and their term of office are detailed in the Director's Report.

While none of the board members are independent directors, the board believes that the people on the board can and do make independent judgements in the best interests of the company at all times.

Directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Approval must be obtained from the chairman prior to incurring any expenses on behalf of the company.

Quantum Energy Limited and Controlled Entities

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board composition (continued)

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- Must not be a substantial shareholder or 'associated directly with' a substantial shareholder of the company (a substantial shareholder holding 5% or more of the shares issued by the company).
- Must not have been employed as an executive by the company or a group member within the previous three years after ceasing to hold such employment.
- Must not be a principal of a 'material professional advisor' or a 'material consultant' to the company or a group member.
- Must not be a material supplier or customer of the company (or a group member) or an officer of or otherwise associated directly or indirectly with a material supplier or customers.
- Must not have served on the board for a period which could be perceived to materially interfere with the director's ability to act in the best interests of the company.
- Must be free from any interest and any business or other relationship which could reasonably be perceived to materially interfere with director's ability to act in the best interests of the company.
- Details of the skills, experience and expertise of each director are included in the Directors Report for the year ended 30 June 2009.

2.2 Chair of the board

The Chair is a non-executive director and not an independent director. The board believes that the chair is able to formulate proper and independent judgement on all relevant issues falling within the scope of the role of a chair.

2.3 Roles of managing director and chair

The roles of managing director and chair are not exercised by the same individual. The board has delegated day to day responsibility for the management of the company to the executive directors. The executive directors must consult the board on all matters that are sensitive, extraordinary or of a strategic nature.

2.4 Nomination committee

The company does not have a nomination committee as the size of the company and the board does not warrant such a committee. All board nomination matters are considered by the whole board.

2.5 Evaluating Performance of board and directors

No formal performance evaluation of the Board and directors was conducted for the financial year ended 30 June 2009. The chair speaks to each director individually regarding their role as director.

3. Promote ethical and responsible decision – making

3.1 Code of conduct

The company recognises the need for directors and employees to observe the highest standards of behaviour and business ethics. All directors and employees are expected to act in accordance with the law and with the highest standard of propriety. The responsibility for reporting and investigating reports of unethical practices rests with board including the executive directors.

Quantum Energy Limited and Controlled Entities

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

3.2 Share trading policy

The company's policy regarding directors and employees trading in its securities is set by the Board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

4. Safeguard integrity in financial reporting

4.1 Audit and risk management committee

The company has an Audit and Risk Management Committee.

4.2 Structure of audit and risk management committee

Due to the size of the board the members of the Audit and Risk Management Committee include all three directors with Drew Townsend as the Chairman of the Committee. This Committee provides assistance in fulfilling the corporate governance and oversight responsibilities of the board to verify and safeguard the integrity of the financial reporting of the Company.

The Directors' Report details members of the committee and meetings held during the financial year.

4.3 Committee charter

The Audit and Risk Management Committee does not have a formal charter.

The Audit and Risk Management Committee is responsible for the appointment of the external auditor which is required to be ratified by the shareholders at the annual general meeting. The audit engagement partner is required to rotate every 5 years.

5. Make timely and balanced disclosure

Quantum Energy has established procedures to ensure compliance with the ASX Listing Rules so that company announcements are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions. Established policies also ensure accountability at a senior management level for ASX compliance.

The board considers all disclosures necessary to ensure compliance with ASX Listing Rule disclosure requirements.

6. Respect the rights of shareholders

Quantum Energy has a communications strategy and an established policy on stakeholder communication and continuous disclosure to promote effective communication with shareholders, subject to privacy laws and the need to act in the best interests of the Company by protecting commercial information.

The auditor is invited to the Annual General Meeting, to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

Quantum Energy Limited and Controlled Entities

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

7. Recognise and manage risk

7.1 The board has established policies on risk oversight and management.

The executive directors continually monitor areas of significant business risk. Once particular risks are identified it is the responsibility of the whole board to ensure that management takes such action as is required to manage the risk.

To carry out the risk oversight and management function the Audit and Risk Management Committee:

- reviews the financial reporting process of the Company including financial reports;
- discusses with management and the external auditors the adequacy and effectiveness of the accounting and financial controls, including the policies and procedures of the Company to assess, monitor and manage business risk;
- reviews with the external auditor any audit problems and the Company's critical policies and practices;
- reviews and assesses the independence of the external auditor.

7.2 Risk management and internal controls

The board requires management to:

- design and implement the risk management and internal control system to manage the company's material business risks.
- report to it on whether those risks are being managed effectively.

Management has reported to the board in relation to risk management, and the board considers that the major business risks are being managed effectively.

The systems are designed to provide reasonable, but not absolute, protection against fraud and material misstatement. These controls are intended to identify, in a timely manner, control issues that require attention by the board or audit and risk management committee.

7.3 Assurances from CEO and CFO

The board believes the system of internal financial control which has been established by management is operating effectively in all material respects in relation to financial reporting risk.

The Corporations Act 2001 requires the Managing Director and CFO to state in writing to the board that the financial reports of the company present a true and fair view, in all material respects, of the company's financial position and operational results and are in accordance with relevant accounting standards, that this declaration is founded on a sound system of risk management and internal compliance and control which implement the policies adopted by the board, and that the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

8. Remunerate fairly and responsibly

8.1 Remuneration policy and committee

The remuneration policy, which sets the terms and conditions for executive directors and other senior executives, has been approved by the board. Due to the size of the board the company does not have a remuneration committee. Most executives receive a base salary, superannuation and some performance incentives in the form of options and cash bonus. Details of these contracts are included in the Remuneration Report in the Directors' Report for the year ended 30 June 2009. The board reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies.

Quantum Energy Limited and Controlled Entities

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

8.2 Structure of directors and executive remuneration

The amount of remuneration of all directors and executives, including all monetary and non-monetary components, is detailed in the Director's Report.

Payment of equity-based executive remuneration is within thresholds approved by shareholders.

The board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the businesses. It will also provide executives with necessary incentives to work to grow long-term shareholder value.

Quantum Energy Limited and Controlled Entities

DIRECTORS' REPORT

Your directors present their report, together with the financial statements of the Group, being Quantum Energy Limited (the company) and its controlled entities, for the financial year ended 30 June 2009.

Principal Activities and Significant Changes in Nature of Activities

The principal activities of the consolidated group during the financial year were:

- Manufacture and distribution of energy saving hot water, heating and cooling systems, for residential and commercial markets in Australia and internationally.
- Distribution of high-end medical products, particularly in the field of nuclear medicine.

There were no significant changes in the nature of the group's principal activities during the financial year.

Operating Results and Review of Operations for the Year

Operating results

The net profit attributable to members of the consolidated entity after income tax was \$ 30.3 million [2008: loss of (\$7.7 million)]. The 2008 financial year was impacted by an impairment loss of \$10.0 million in relation to goodwill and the ongoing court action with Philips Medical Systems. The financial 2009 year was positively impacted by very significant growth in revenue and net profit from the Heat Pump business.

Operating revenue for the financial year was \$ 106.1 million (2008: \$28.4 million).

Heat Pump Business

In the Australian domestic market Quantum continues to do very well – particularly in the hot water replacement sector of the market. Over 700,000 hot water units are installed or replaced every year in Australia and Quantum expects continued market penetration of this segment in particular with its expanding distribution network.

In addition, with the assistance of incentives from the Australian Government and the strong support of local councils and State Government authorities, Quantum expects consumers to focus on more environmentally friendly solutions and anticipates a continuing commitment to phase out electric hot water storage.

Quantum believe it is well positioned, because of significant energy consumption advantages of its systems over traditional gas and electric units as well as having significant installation advantages over traditional solar hot water units.

In the Australian commercial market, Quantum continues to make inroads by offering one of the few hot water solutions that can reduce running costs and carbon emissions, without making significant infrastructure changes – namely installing solar roof panels.

In the international market Quantum has recently won a number of contracts including in Thailand, with an exclusive residence/shopping centre, in the Philippines with the Marriott hotel and in the Middle East with the Shangri-La hotel. Interestingly, the Marriott hotel was a newly built facility while the Shangri-La hotel is a retrofit of current equipment on an existing hotel site. Quantum anticipates continued momentum with more international contracts in the future.

The relocation of heat pump production to China in 2007 continues to being benefits with lower production costs, allowing the company to be more competitive in Australia and overseas markets.

Quantum Energy Limited and Controlled Entities

DIRECTORS' REPORT

Operating Results and Review of Operations for the Year (continued)

Some specific highlights of the heat pump business during the year include:

- Improvements in the manufacturing operation in China, including:
 - Significant increase in production capacity;
 - Improved quality;
 - More timely delivery of product; and
 - Additional training and development of staff.

The above has resulted in a substantial decrease in costs and improvements in productivity. The company has also improved its OH&S systems in China and is providing a much higher standard of accommodation than is usual for company employees in China.

- The introduction of new products including improved commercial and domestic hot water systems with new product sizing and finishes (i.e. stainless steel) for certain units.
- Additional distributors were utilised.
- Additional staff were employed to assist the sales process.
- Developing substantial opportunities in South East Asia, South Africa, and Europe.

Medical Business

Quantum's medical division is a high-end medical distribution business which provides sales, servicing and support for a range of diagnostic imaging equipment.

The key highlight during the year was in May 2009 when the legal action with Philips Medical Systems was finalised with Insight Oceania Pty Ltd being successful. Insight Oceania Pty Ltd can now continue to operate as an agent of Philips, which should underpin the growth of the medical distribution business.

Despite the legal challenges experienced during the year, the Medical business still able to produce a profitable result.

Financial Position

The net assets of the consolidated group have increased by \$ 29.8 million to \$ 34.5 million as at 30 June 2009 (from \$4.7 million as at 30 June 2008). This increase is largely due to Increased profitability in the Heat pump business after a substantial increase in sales.

During the year, the Group repaid \$ 2.7 million of borrowings and took new loans of \$ 1.4 million a net decrease of \$1.3 million in borrowings. The company expects to be in a position to continue to repay borrowings in the 2010 financial year.

The Group's working capital, being current asset less current liabilities, has also improved significantly from a deficit of \$ (6.4 million) in 2008 to \$ 30.2 million in 2009.

The directors believe the Group is in a strong and stable financial position to expand and grow its current operations.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

The net assets of the consolidated group increased by \$29.8 million largely due to Increased profitability (after a substantial increase in sales) and the Group reduced borrowings in net terms by \$2.2 million.

Dividends Paid or Recommended

No dividends were paid or declared for payment during the financial year or since the end of the financial year.

After Balance Date Events

Quantum Energy Limited and Controlled Entities

DIRECTORS' REPORT

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Future Developments, Prospects and Business Strategies

The Directors foresee that FY 2010 will be period of growth as the group takes advantage of higher sales and lower production costs in the heat pump sector as it expands in both the Australian and International markets.

Growth in revenue is also expected from the group's medical business as a result of an expanding market from a continuing government emphasis on health, and new agencies to be taken on during the year.

Environmental Issues

The consolidated group's operations are not subject to significant environmental regulations under the laws of the Commonwealth or of a State or Territory.

Information on the Directors

The following persons were directors during the whole of the financial year and up to the date of this report:

Drew Townsend	— Chairman and Non-Executive Director.
Qualifications	— Bachelor of Commerce, Member of Institute of Company Directors and Member of Institute of Chartered Accountants.
Experience	— Appointed Chairman 2003. Board member since 2003. Over 20 years experience in Australian and International accounting and finance.
Interest in Shares and Options	— 759,991,417 ordinary shares (most are held jointly with other directors) in Quantum Energy Limited.
Philip Sidney	— Managing Director
Experience	— Board member since 2002. Wide range of experience in manufacturing and marketing both in Australia and overseas.
Interest in Shares and Options	— 760,761,207 ordinary shares (most are held jointly with other directors) in Quantum Energy Limited Public Limited.
John Walstab	— Executive Director and Company Secretary
Experience	— Board member since 2003. Wide range of experience in technology organisations and developing overseas markets.
Interest in Shares and Options	— 86,641,634 ordinary shares (most are held jointly with other directors) in Quantum Energy Limited.

None of the directors hold, and have not held, a position as Director of another listed company at any time in the 3 years prior to 30 June 2009.

Quantum Energy Limited and Controlled Entities

DIRECTORS' REPORT

Meetings of Directors

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Board of Directors		Audit & Risk Management Committee	
	Number eligible to Attend	Attended	Number eligible to Attend	Attended
Mr D.A. Townsend	12	12	2	2
Mr P.G. Sidney	12	12	2	2
Mr J. Walstab	12	12	2	2

Indemnifying Officers or Auditor

During the financial year the company paid a premium in respect of a contract insuring the directors of the company against any liability incurred as such by a director or secretary to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has, during the financial year, agreed to indemnify officers of the company or any related body against a liability incurred by such an officer.

Options

At the date of this report, the unissued ordinary shares of Quantum Energy Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
18/09/2006	31/08/2011	\$0.10	4,000,000
22/2/2008	30/11/2012	\$0.15	1,500,000
21/7/2008	25/7/2013	\$0.15	1,000,000
			<hr/> 6,500,000 <hr/>

Option holders do not have any rights by virtue of the options to participate in any issues of shares by the company or any other entity.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

During the year ended 30 June 2009, no ordinary shares of Quantum Energy Limited were issued on the exercise of options. No options have been granted since year end.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Non-audit Services

There were no non-audit services provided during the year to the consolidated entity by HLB Mann Judd (NSW Partnership) or any related entity.

Quantum Energy Limited and Controlled Entities

DIRECTORS' REPORT

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2009 has been received and a copy can be viewed on page 19 of the Annual Report.

ASIC Class Order 98/100 Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, or in certain cases to the nearest dollar.

REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for each director of Quantum Energy Limited and for the executives receiving the highest remuneration.

(1) Remuneration philosophy

The performance of Quantum Energy Limited depends upon the quality of its directors and executives. To prosper, the company must attract, motivate and retain highly skilled directors and executives.

To this end, Quantum Energy embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre executives
- link executive rewards to shareholder value
- establish appropriate, demanding performance hurdles in relation to variable executive remuneration

While Quantum Energy Limited does not have a remuneration committee, the board of directors is responsible for determining and reviewing compensation arrangements for the directors, and the senior management team.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and senior management remuneration is separate and distinct.

Non-executive director remuneration

As all directors of the company are stakeholders, director's remuneration is not as important as is generally the case.

The only non-executive director is Drew Townsend, who did not receive remuneration in this period.

Senior executives and executive director remuneration

Objective

Quantum Energy Limited aims to reward executives with a level and mix of remuneration which is commensurate with their position, their responsibilities within the company, their length of service and the overall performance of the company, and so as to:

- reward executives for company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the company;
- ensure total remuneration is competitive by market standards.

Quantum Energy Limited and Controlled Entities

Structure

Details of contracts with Directors and senior executives are shown below.

Remuneration for senior managers and executive directors consists of the following key elements:

- fixed remuneration
- variable remuneration being short and long term incentives

Fixed Remuneration

Fixed remuneration is reviewed regularly by the Board. Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicle leases. The remuneration component of the key management personnel (directors and most highly remunerated senior managers) is detailed below.

Variable Remuneration

The objectives of the short and long term incentive plans are:

- to link the achievement of the company's operational targets with the remuneration received by the executives charged with meeting those targets; and
- to reward directors and senior executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Incentives

- Short term incentives are delivered in the form of cash bonus rewards, being incentive payments based on key performance indicators such as sales targets.
- Long term incentives are delivered in the form of options. Details of options granted to directors and key management personnel in the 2009 financial year are set out below.

Company performance, shareholder wealth and director and executive remuneration

The following table shows the performance of the Consolidated Group during the past five financial years:

Fiscal Year	Sales Revenue \$000	NPAT/ (NLAT) \$000	Basic EPS Cents	Share price at balance date Cents	Net Equity \$000	NTA per share \$
2005	15,229	(2,443)	(0.28)	0.09	4,774	0.01
2006	11,815	(5,682)	(0.63)	0.06	8,408	(0.02)
2007	35,971	3,915	0.38	0.09	12,344	(0.01)
2008	29,590	(7,704)	(0.75)	0.05	4,661	(0.01)
2009	106,422	30,261	2.97	0.25	34,492	0.02

In FY09 there has been a significant increase in performance compared with FY08.

The employment conditions of the Managing Director, Philip Sidney, Director Mr. John Walstab, and other specified executives are formalised in contracts of employment.

All executives are permanent employees of Quantum Energy Limited or its controlled entities.

(2) Employment contracts for director and senior executives

Under the terms of the present employment contracts:

The executives may resign from their positions and thus terminate their contract by giving one month's written notice. The company may terminate these employment agreements by providing one month's written notice or by payment in lieu of the notice period based on the executive's fixed component of remuneration. There are no other termination payments included in the contracts. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

Quantum Energy Limited and Controlled Entities

REMUNERATION REPORT (Audited) (continued)

(3) Remuneration of Key Management Personnel and Other Executives

The key management personnel of the group and the specific executives of the company and the group are the directors of the company and the executives as set out in the table below. This includes the 5 highest remunerated group and /or company executives.

Footnote	Short-Term Benefits			Post-Employment Benefits	Share-Based Benefits	Total		
	Salary/Fees and Commission	Cash Bonus	Non-monetary Benefits	Superannuation	Options			
	\$	\$	\$	\$	\$	\$		
Executive Directors								
P.G Sidney	2	2009	287,500	-	2,932	25,875	-	316,307
		2008	150,000	-	15,000	13,500	-	178,500
J. Walstab		2009	150,000	-	-	13,500	-	163,500
		2008	106,250	-	8,000	9,562	-	123,812
Total Directors		2009	437,500	-	2,932	39,375	-	479,807
Total Directors		2008	256,250	-	23,000	23,062	-	302,312
Key Executives								
M. Walstab (Resigned in Oct 2008)		2009	63,997	-	-	5,753	4,989	74,739
	1	2008	101,572	-	-	9,119	5,232	115,923
A. McDonald	1	2009	150,000	-	6,816	13,500	-	170,316
	1	2008	62,500	44,000	-	56,275	-	162,775
Y. You	1,2	2009	190,290	-	-	17,063	25,536	232,889
	1	2008	150,201	-	-	13,500	12,732	176,433
J. Hewlett	1	2009	115,000	-	-	10,350	-	125,350
	1	2008	130,757	-	-	11,768	-	142,525
R. McLean (Appointed 7 Jan 2009)	1,2	2009	190,000	-	-	17,100	11,103	218,203
	1	2008	84,281	-	-	7,585	3,924	95,790
S Goulter (Started July 2008)	1	2009	123,249	-	-	10,893	4,130	138,272
		2008	-	-	-	-	-	-
Total Key Executives		2009	832,536	-	6,816	74,659	45,758	959,769
Total Key Executives		2008	529,311	44,000	-	98,247	21,888	693,446
Grand Total		2009	1,270,036	-	9,748	114,034	45,758	1,439,576
Grand Total		2008	785,561	44,000	23,000	121,309	21,888	995,758

1. Denotes one of the 5 highest paid executives of the group, as required to be disclosed under the Corporations Act 2001.
2. Executive of Quantum Energy Ltd - some remuneration may be paid by a controlled entity. Other key management personnel remuneration is paid by controlled entities.

Quantum Energy Limited and Controlled Entities

REMUNERATION REPORT (Audited) (continued)

Relative proportion of remuneration linked to performance

	2009 %	2008 %
A. McDonald	-	27
M. Walstab	7	4
Y. You	11	7
R. McLean	5	4
J. Hewlett	-	-
S. Goulter	3	-

(4) Changes in Directors and Executives Subsequent to Year-end

There has been no change in directors or executives subsequent to year end.

(5) Options and Rights Granted and Exercised

In July 2008 the company issued 1,000,000 options at \$0.15 to S Goulter. These options have vesting conditions and were issued to Mr Goulter as an incentive to maximise efforts for the company on behalf of shareholders. There were no options exercised during the year.

Description of Options/Rights Issued as Remuneration

Details of the options granted as remuneration to those key management personnel and executives listed in the previous table are as follows:

Name	Grant date	Grant number	Date vested & exercisable	Last date exercisable	Exercise price	Value per option at grant date
					\$	\$
Y.You	18/09/2006	666,667	1/09/2009	31/08/2011	0.10	0.024
Y.You	18/09/2006	666,667	1/09/2010	31/08/2011	0.10	0.024
Y.You	18/09/2006	666,666	1/09/2011	31/08/2011	0.10	0.024
R. McLean	22/02/2008	500,000	1/12/2009	30/11/2012	0.15	0.025
R. McLean	22/02/2008	500,000	1/12/2010	30/11/2012	0.15	0.025
R. McLean	22/02/2008	500,000	1/12/2011	30/11/2012	0.15	0.025
S. Goulter	21/07/2008	333,334	25/07/2010	1/07/2013	0.15	0.016
S. Goulter	21/07/2008	333,333	25/07/2011	1/07/2013	0.15	0.016
S. Goulter	21/07/2008	333,333	25/07/2012	1/07/2013	0.15	0.016

Option values at grant date were determined using the Black-Scholes method.

The exercise price is set in relation to the market price at date of the grant.

All options were granted for \$Nil consideration.

Each option is convertible into one ordinary share. Options carry no voting or dividend rights.

These options lapse on termination of employment.

The only grants of options affecting remuneration of key management personnel in the previous, this or future reporting periods are those shown above. Other options are held by key management personnel; these were acquired in transactions common to all shareholders.

Quantum Energy Limited and Controlled Entities

This Directors Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'P. Sidney', written in a cursive style.

Phillip Sidney
Director
30 September 2009

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Quantum Energy Limited and its controlled entities:

As lead auditor for the audit of Quantum Energy Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of 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 year.



D K Swindells
Partner

30 September 2009

Quantum Energy Limited and Controlled Entities

DIRECTORS' DECLARATION

The directors of the company declare that:

1. In the directors opinion:
 - (a) the financial statements and notes, as set out on page 23-58, are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and the consolidated group, and
 - (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2009 required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors



Phillip Sidney
Director

30 September 2009

**QUANTUM ENERGY LIMITED
ACN 19 003 677 245**

INDEPENDENT AUDITOR'S REPORT

To the members of Quantum Energy Limited:

Report on the Financial Report

We have audited the accompanying financial report of Quantum Energy Limited ("the company"), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity/ statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both the company and the Quantum Energy Limited Group ("the consolidated entity") as set out on pages 20 and 23 to 58. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

QUANTUM ENERGY LIMITED
ACN 19 003 677 245

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Quantum Energy Limited on 30 September 2009, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

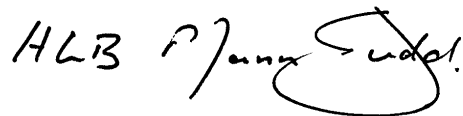
- (a) the financial report of Quantum Energy Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 14-17 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Quantum Energy Limited for the year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

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

HLB MANN JUDD
(NSW Partnership)
Chartered Accountants

A handwritten signature in black ink that reads 'D K Swindells'.

D K Swindells
Partner

Sydney
30 September 2009

Quantum Energy Limited and Controlled Entities

INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
Revenue	2	106,079	28,407	-	-
Other Income	2	343	1,183	1	29
Cost of manufacture		(47,371)	(12,654)	-	-
Employee benefits expense		(8,104)	(6,001)	(1,007)	(91)
Depreciation and amortisation expense		(232)	(144)	-	-
Advertising and promotion expenses		(428)	(235)	-	-
Finance costs	3	(1,630)	(1,650)	(1,558)	(1,649)
Legal fees		(183)	(1,014)	-	-
Loss on disposal of plant & equipment		1	(10)	-	-
Impairment of goodwill		-	(10,027)	-	-
Impairment of investment in controlled entity		-	-	-	(10,027)
Impairment of receivables:					
- External		14	(143)	-	-
- Controlled Entities		-	-	13,987	3,833
Research and development expenditure		(33)	(229)	-	-
Travel expenses		(852)	(747)	-	-
Motor vehicle expenses		(751)	(680)	-	-
Warranty expenses		(1,564)	(691)	-	-
Telephones & internet		(364)	(291)	-	-
Consultants		(360)	(235)	-	-
Freight & delivery expenses		(957)	(199)	-	-
Occupancy (rent) expenses		(835)	(632)	-	-
Insurance		(298)	(112)	-	-
Other expenses		(2,078)	(1,655)	(547)	(342)
Profit (loss) before income tax		40,397	(7,759)	10,876	(8,247)
Income tax (expense) credit	4	(10,136)	55	2,461	(1,296)
Profit (loss) attributable to members of the parent entity		30,261	(7,704)	13,337	(9,543)
Basic earnings per share (cents per share)	7	2.97	(0.75)		
Diluted earnings per share (cents per share)	7	2.96	(0.75)		

The accompanying notes form part of these financial statements.

Quantum Energy Limited and Controlled Entities

BALANCE SHEETS AS AT 30 JUNE 2009

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$000	\$000	\$000	\$000
CURRENT ASSETS					
Cash and cash equivalents	8	1,408	1,265	3	-
Trade and other receivables	9	34,132	7,528	-	-
Inventories	10	30,847	5,194	-	-
Financial assets	11	73	50	-	-
Other current assets	16	6,079	2,634	75	116
TOTAL CURRENT ASSETS		72,539	16,671	78	116
NON-CURRENT ASSETS					
Trade and other receivables	9	-	-	20,787	-
Financial assets	11	-	-	11,923	11,923
Property, plant and equipment	13	2,049	766	-	-
Deferred tax assets	14	2,722	4,488	851	2,003
Intangible assets	15	11,955	11,955	-	-
Other	16	153	105	90	90
TOTAL NON-CURRENT ASSETS		16,879	17,314	33,651	14,016
TOTAL ASSETS		89,418	33,985	33,729	14,132
CURRENT LIABILITIES					
Trade and other payables	17	30,089	11,175	2,759	1,591
Borrowings	18	2,962	11,461	2,717	11,436
Current tax liabilities	19	7,728	-	6,854	-
Short term provisions	20	1,561	398	-	-
TOTAL CURRENT LIABILITIES		42,340	23,034	12,330	13,027
NON-CURRENT LIABILITIES					
Deferred tax liability		99	80	-	-
Borrowings	18	12,235	6,029	13,717	6,902
Employee benefits		252	181	96	-
TOTAL NON-CURRENT LIABILITIES		12,586	6,290	13,813	6,902
TOTAL LIABILITIES		54,926	29,324	26,143	19,929
NET ASSETS		34,492	4,661	7,586	(5,797)
EQUITY					
Issued capital	21	83,789	83,789	83,789	83,789
Reserves	22	150	210	136	90
Retained earnings (accumulated losses)		(49,447)	(79,338)	(76,339)	(89,676)
TOTAL EQUITY		34,492	4,661	7,586	(5,797)

The accompanying notes form part of these financial statements.

Quantum Energy Limited and Controlled Entities

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

Note	Ordinary Share Capital	Option Reserve	Undistributable Profits Reserve	Exchange Translation Reserve	Retained Profits (Losses)	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated						
Balance at 1 July 2007	83,789	55	-	-	(71,500)	12,344
Transfer from retained earnings	-	-	134	-	(134)	-
Translation of foreign subsidiaries and branches	-	-	-	(14)	-	(14)
Options issued to employees	-	35	-	-	-	35
Profit (loss) attributable to members of parent entity	-	-	-	-	(7,704)	(7,704)
Balance at 30 June 2008	83,789	90	134	(14)	(79,338)	4,661
Balance at 1 July 2008	83,789	90	134	(14)	(79,338)	4,661
Transfer from retained earnings	-	-	370	-	(370)	-
Translation of foreign subsidiaries and branches	-	-	-	(476)	-	(476)
Options issued to employees	-	46	-	-	-	46
Profit (Loss) attributable to members of parent entity	-	-	-	-	30,261	30,261
Balance at 30 June 2009	83,789	136	504	(490)	(49,447)	34,492
Parent Entity						
Balance at 1 July 2007	83,789	55	-	-	(80,133)	3,711
Options issued to employees	-	35	-	-	-	35
Profit (Loss) attributable to members of parent entity	-	-	-	-	(9,543)	(9,543)
Balance at 30 June 2008	83,789	90	-	-	(89,676)	(5,797)
Balance at 1 July 2008	83,789	90	-	-	(89,676)	(5,797)
Options issued to employees	-	46	-	-	-	46
Profit (Loss) attributable to members of parent entity	-	-	-	-	13,337	13,337
Balance at 30 June 2009	83,789	136	-	-	(76,339)	7,586

The accompanying notes form part of these financial statements.

Quantum Energy Limited and Controlled Entities

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		78,216	29,489	-	-
Payments to suppliers and employees		(72,760)	(29,285)	(850)	(581)
Interest received		56	102	1	29
Finance costs		(980)	(1,649)	(911)	(1,649)
Income tax refunded / (paid)		(506)	-	-	-
Net cash provided by (used in) operating activities	25	<u>4,026</u>	<u>(1,343)</u>	<u>(1,760)</u>	<u>(2,201)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(681)	(32)	-	-
Loan to controlled entity		-	-	4,854	3,833
Net cash provided by (used in) investing activities		<u>(681)</u>	<u>(32)</u>	<u>4,854</u>	<u>3,833</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of borrowings		(2,708)	(3,798)	(2,597)	(5,586)
Net cash provided by (used in) financing activities		<u>(2,708)</u>	<u>(3,798)</u>	<u>(2,597)</u>	<u>(5,586)</u>
Net (decrease) increase in cash held		637	(5,173)	497	(3,954)
Cash at beginning of financial year		771	5,944	(494)	3,460
Cash at end of financial year	8	<u>1,408</u>	<u>771</u>	<u>3</u>	<u>(494)</u>

The accompanying notes form part of these financial statements.

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

This financial report includes the consolidated financial statements and notes of Quantum Energy Limited and controlled entities ('consolidated group' or 'Group'), and the separate financial statements and notes of Quantum Energy Limited as an individual parent entity ('Parent Entity').

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) **Principles of Consolidation**

A controlled entity is any entity over which Quantum Energy Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 12 to the financial statements.

The assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year.

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(b) **Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (credit) and deferred tax expense (credit).

Current income tax expense (credit) charged to the income statement is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (credit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been expensed but future tax deductions are available. No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax (continued)

management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Quantum Energy Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately assumed by the head entity. The Group notified the Tax Office that it had formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered a tax sharing agreement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities recognised pursuant to the tax sharing agreement are recognised as either a contribution by, or distribution to, the head entity.

(c) **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity.

Inventories include renewable energy certificates acquired by the group, at cost.

(d) **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets, employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset,

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment (continued)

as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all plant and equipment, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	15%– 20%
Office Equipment	20%
Motor Vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(e) **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) **Financial Instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and are stated at amortised cost using the effective interest rate method.

Other financial assets

Investments in controlled entities are recorded by the parent entity at cost.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising the original debt less principal payments and amortisation.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

(g) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) **Intangibles**

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisitions. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(i) **Foreign Currency Transactions and Balances**

Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet.

(j) **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(k) **Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) **Provision for Warranties**

Provision is made in respect of the consolidated group's estimated liability on all products and services under warranty at balance date. The provision is based on the group's history of claims to settle warranty obligations over the last two years, calculated as a percentage of revenue.

(m) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(n) **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership, subject to retention of title conditions.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably.

All revenue is stated net of the amount of goods and services tax (GST)

(o) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(p) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) **Comparative Figures**

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) **Rounding of Amounts**

The parent entity has applied the relief available to it under ASIC Class Order 98/100; accordingly, amounts in the financial report and directors' report have been rounded off to the nearest \$1,000, or in certain cases to the nearest dollar.

(s) **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates

(i) *Impairment*

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Where any impairment trigger exists, the recoverable amount of the asset is determined. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Judgements

(i) *Provision for Impairment of Receivables*

The Directors have reviewed outstanding debtors of the group as at 30 June 2009, and have formed the opinion that an amount receivable from sales made during the current financial year amounting to \$61,738 is not collectable, and have created allowance for impairment.

The directors have reviewed loans receivable by the parent entity from a controlled entity, and have agreed that the previous allowance for impairment of \$13,987,336 can be released.

(ii) *Provision for Impairment of Inventory*

Included in inventory at reporting date is an amount for impairment of inventory totalling \$70,071.

(iii) *Impairment of Goodwill*

i The directors have assessed the value of goodwill at balance date, and have agreed that
i the net book valued at 30 June 2008 and 30 June 2009 is recoverable.
i
i
)

(t) **New Accounting Standards for Application in Future Periods**

The Australian Accounting Standards Board (AASB) has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements that are expected to have an impact on the Group follows:

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. It is expected that this standard will not change the segments identified in this financial report.

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- AASB 101: Presentation of Financial Statements, AASB2007-8: Amendments to Australian Accounting Standards arising from AASB101, and AASB2007-10: Further Amendments to Australian Accounting Standards arising from AASB101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supercede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Revenue				
Sale of goods	101,397	24,211	-	-
Services revenue	4,682	4,196	-	-
	<u>106,079</u>	<u>28,407</u>	<u>-</u>	<u>-</u>
Other Income				
Interest received - other entities	48	102	1	29
Other revenue	295	1,081	-	-
	<u>343</u>	<u>1,183</u>	<u>1</u>	<u>29</u>
Total Revenue	<u>106,422</u>	<u>29,590</u>	<u>1</u>	<u>29</u>

NOTE 3: PROFIT (LOSS) FOR THE YEAR

Expenses

Finance costs				
- External	1,094	1,000	1,022	1,000
- Related parties (Directors and directors of controlled entities)	536	650	536	649
Total finance costs	<u>1,630</u>	<u>1,650</u>	<u>1,558</u>	<u>1,649</u>
Foreign currency (losses) gains	<u>(1,011)</u>	<u>59</u>	<u>-</u>	<u>-</u>

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 4: INCOME TAX EXPENSE (CREDIT)

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
(a) The components of income tax expense are:				
- current tax	8,349	-	-	-
- deferred tax	1,782	691	(920)	545
- over (underprovision) for income tax prior years	5	30	(1,541)	30
- Deferred Tax Assets/Liabilities not previously recognised	-	(776)	-	721
	10,136	(55)	(2,461)	1,296
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before income tax at 30%	12,119	(2,328)	3,263	(2,474)
Add (deduct) tax effect of:				
- Non-allowable items	3	-	-	-
- Over (under)provision for income tax prior years	5	30	(1,542)	30
- Share option expensed	14	-	14	-
- Deferred tax asset not recognized	31	(776)	-	721
- Investment allowance	(24)	-	-	-
- Impairment of intercompany loan	-	-	(4,196)	-
- Impairment of goodwill	-	3,019	-	3,019
- Foreign Income not subject to tax	(774)	3,019	-	3,019
- Difference in tax rate	(1,238)	-	-	-
Income tax expense/(credit)	10,136	(55)	(2,461)	1,296
The applicable weighted average effective tax rates are as follows:				
	24%	30%	30%	30%

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL

(a) Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:

D.A. Townsend	Chairman and Non-executive director
P.G. Sidney	Managing Director
J. Walstab	Director and Company Secretary
M. Walstab	Manager, Australia (resigned October 2008)
A. McDonald	Director, Insight Oceania Pty Ltd (subsidiary)
Y. You	Chief Technical Officer
J. Hewlett	Director, Insight Oceania Pty Ltd (subsidiary)
R. McLean	Manager, International (Appointed January 2008)
S Goulter	Sales Manager, Australia (Appointed July 2008)

(b) Key Management Personnel remuneration

	Consolidated Group		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Short-term employee benefits	1,280	853	190	84
Post-employment benefits	114	121	17	8
Share-based payments	46	22	11	4
	1,440	996	218	96

(c) Option holdings

Details of options held by key management personnel

	Balance 1.7.08 No.	Granted as Remuneration No.	Options Exercised No.	Expired No.	Balance 30.6.09 No.	Total Vested and Exercisable 30.6.09 No.	Total unexercis- able 30.6.09 No.
<i>Specified executives</i>							
Y. You	2,000,000	-	-	-	2,000,000	-	2,000,000
M. Walstab	2,000,000	-	-	(2,000,000)	-	-	-
R. McLean	1,500,000	-	-	-	1,500,000	-	1,500,000
S Goulter	-	1,000,000	-	-	1,000,000	-	1,000,000
	5,500,000	1,000,000	-	(2,000,000)	4,500,000	-	4,500,000

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (continued)

(d) Shareholdings

The numbers of shares in the company held during the year by each director of the company and other key management personnel of the group, including their personally related parties, are set out below:

	Balance 1.7.08 No.	Received as Remuneration No.	Purchased No.	Balance 30.6.09 No.
<i>Directors</i>				
D.A Townsend	759,119,867	-	871,550	759,991,417 *
P.G. Sidney	759,897,657	-	863,550	760,761,207**
J.Walstab	85,778,084	-	863,550	86,641,634***
<i>Specified Executives</i>				
A.McDonald	50,856,000	-	12,067,481	62,923,481
J. Hewlett	8,500,000	-	-	8,500,000
Y. You	8,000	-	-	8,000
M.Walstab	381,707	-	303,293	685,000
R. McLean	-	-	-	-
S.Goulter	56,000	-	88,000	144,000

* 759,031,867 held jointly with P Sidney, and 863,550 held jointly with P Sidney and J Walstab

** 759,031,867 held jointly with D Townsend, and 863,550 held jointly with D Townsend and J Walstab

*** 863,550 held jointly with D Townsend and P Sidney`

NOTE 6: AUDITOR'S REMUNERATION

	Consolidated Group		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Auditing and reviewing financial reports				
HLB Mann Judd (NSW Partnership)	197	189	197	189
Non-HLB Mann Judd (NSW Partnership) auditor for audit of subsidiary company	6	4	-	-

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 7: EARNINGS PER SHARE

	Consolidated Group	
	2009	2008
	Cents per Share	Cents per Share
Basic earnings per share	2.97	(0.75)
Diluted earnings per share	2.96	(0.75)
(a) Reconciliation of earnings to profit or loss		
	2009	2008
	\$000	\$000
Net profit (loss)	30,261	(7,704)
Earnings used to calculate basic EPS	30,261	(7,704)
Earnings used to calculate diluted EPS	30,261	(7,704)
	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	1,022,308,291	1,018,308,291

Options on issue during 2008 were considered to be anti-dilutive, and were not included in calculating diluted EPS.

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Cash at bank and in hand	3,308	1,265	3	-
The effective interest rate on bank deposits at call 1.5% (2008: 5.25%)				
The above figures are reconciled to Cash at the end of the financial year as shown in the Cash Flow Statement as follows:				
Balances as above	3,308	1,265	3	-
Bank overdraft (Note 18)	(1,900)	(494)	-	(494)
	<u>1,408</u>	<u>771</u>	<u>3</u>	<u>(494)</u>

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
CURRENT				
Trade receivables	34,193	7,602	-	-
Allowance for doubtful debts	(62)	(74)	-	-
	<u>34,132</u>	<u>7,528</u>	-	-
NON-CURRENT				
Loan to subsidiary (unsecured)	-	-	20,787	13,987
Less: Impairment allowance	-	-	-	(13,987)
	<u>-</u>	<u>-</u>	<u>20,787</u>	<u>-</u>
Trade receivables past due, not impaired				
61-90 days past due	3,875	547	-	-
91+ past due	7,416	829	-	-
	<u>11,291</u>	<u>1,376</u>	-	-

Provision For Impairment of Receivables

Current trade and term receivables are non-interest bearing and generally on 30-day terms. An allowance for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired.

Credit Risk — Trade and Other Receivables

The Group has no significant concentration. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has significant credit risk exposures in Australia given the substantial operations in this country.

The group has retention of title clauses over goods sold until payment is received.

Neither the Group nor parent entity holds any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 10: INVENTORIES

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
At Cost				
Raw materials and stores	253	969	-	-
Work in progress	-	-	-	-
Finished goods	24,210	4,031	-	-
Renewable Energy Certificates	6,454	265		
	30,917	5,265	-	-
Less: Provision for impairment	(70)	(71)	-	-
	30,847	5,194	-	-

NOTE 11: FINANCIAL ASSETS

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Current				
Financial assets at fair value through profit and loss:				
- Shares in listed companies	73	50	-	-
Non-current				
Shares in controlled entities, at cost	-	-	21,950	21,950
Less: Provision for impairment	-	-	(10,027)	(10,027)
	-	-	11,923	11,923

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 12: CONTROLLED ENTITIES

Name of entity	Country of Incorporation	Ownership Interest	
		2009	2008
Parent entity			
Quantum Energy Limited	Australia		
Controlled entity			
Quantum Energy Technologies Pty Ltd	Australia	100%	100%
Quantum Energy Installations Pty Ltd	Australia	100%	100%
InSight Oceania Pty Ltd	Australia	100%	100%
Medishop Pty Ltd	Australia	100%	100%
Quantum Energy Technologies (Suzhou) Co Ltd	China	100%	100%

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Land & Buildings at cost	231	231	-	-
Plant & Equipment at cost	3,998	2,463	-	-
Accumulated depreciation	(2,180)	(1,928)	-	-
	2,049	766	-	-
Movements in carrying amounts				
Opening Balance	766	851	-	-
Additions	1,590	96	-	-
Disposals/Writeoffs	(32)	(37)	-	-
Depreciation/amortisation expense	(275)	(144)	-	-
Closing balance	2,049	766	-	-

NOTE 14: DEFERRED TAX ASSETS

Consists of:

- Inventories	599	230	-	-
- Employee entitlements	304	204	114	-
- Borrowing & capital raising costs	24	88	24	88
- Lease liability	108			
- Accruals and Provisions	712	517	713	513
- Other	20	40		88
- Impairment provisions	955	466	-	-
- Tax losses	-	2,943		1,314
	2,722	4,488	851	2,003

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 15: INTANGIBLE ASSETS

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Goodwill on acquisition:				
Cost	83,146	83,146	-	-
Accumulated impairment losses	(71,191)	(71,191)	-	-
Net carrying amount	11,955	11,955	-	-
 Movement:				
Opening net book amount	11,955	21,982	-	-
Impairment charge - Medical business	-	(10,027)	-	-
Closing net book amount	11,955	11,955	-	-

Impairment Disclosures

Goodwill has been tested for impairment at 30 June 2009, which indicated that book values are equal to or less than the value in use.

Goodwill is allocated to cash-generating units which are based on the group's reporting segments

	Consolidated Group	
	2009	2008
	\$000	\$000
Medical (InSight Oceania Pty Ltd)	11,811	11,811
Heat pump technologies	144	144
Total	11,955	11,955

The recoverable amount of each cash-generating unit is determined based on value-in-use calculations.

The value in use calculation for the goodwill on acquisition of InSight Oceania Pty Ltd is based on estimated maintainable Earnings Before Interest and Taxes ("EBIT"), discounted at 17.5% per annum.

Sensitivity Analysis

If the discount rate used was changed to 30% the recoverable amount of the InSight business acquired would approximately equal the carrying amount.

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 16: OTHER ASSETS

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
CURRENT				
Deposits	-	400	-	-
Prepayments	6,079	2,234	75	116
	<u>6,079</u>	<u>2,634</u>	<u>75</u>	<u>116</u>
NON-CURRENT				
Security Deposits	153	105	90	90

NOTE 17: TRADE AND OTHER PAYABLES

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
CURRENT				
Unsecured liabilities:				
Trade payables	22,258	1,726	-	-
Employee benefits	1,275	831	395	29
Deferred income	2,366	4,180	-	-
Sundry payables and accrued expenses				
- Directors	1,838	1,481	1,838	1,481
- Directors of subsidiaries	88	-	88	-
- Other	2,264	2,957	438	81
	<u>30,089</u>	<u>11,175</u>	<u>2,759</u>	<u>1,591</u>

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 18: BORROWINGS

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
CURRENT				
Unsecured liabilities:				
- Loans - Directors	917	-	917	-
- Other parties	-	153	-	142
Secured liabilities:				
- Lease liability	237	14	-	-
- Other parties - loans	1,808	10,800	1,800	10,800
- Other parties - overdraft	1,900	494	-	494
	<u>4,862</u>	<u>11,461</u>	<u>2,717</u>	<u>11,436</u>
NON-CURRENT				
Unsecured liabilities:				
- Loans - Directors	2,109	4,668	2,109	4,604
- Loans - Directors of subsidiaries	857	884	857	884
- Other parties	780	280	780	280
- Controlled entities	-	-	2,321	1,134
Secured liabilities:				
- Other parties - loans	7,650	-	7,650	-
- Lease liability	839	197	-	-
	<u>12,235</u>	<u>6,029</u>	<u>13,717</u>	<u>6,902</u>

The secured borrowings - other parties are secured by fixed and floating charges over the assets of the parent entity and certain subsidiaries and a negative pledge condition, which was complied with at balance date.

The lease liabilities are secured over the assets to which the leases relate.

Loans from Directors and Directors of subsidiaries are repayable at the discretion of the Company.

Loans from Directors and Directors of subsidiaries are subject to interest at a rate of 10% per year.

NOTE 19: INCOME TAX

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
CURRENT				
Income tax payable	7,728	-	6,854	-
	<u>7,728</u>	<u>-</u>	<u>6,854</u>	<u>-</u>

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 20: SHORT TERM PROVISIONS

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
CURRENT				
Warranty	1,561	398	-	-
	1,561	398	-	-

NOTE 21: ISSUED CAPITAL

	Consolidated Group and Parent Entity			
	2009	2008	2009	2008
	No.	No.	\$000	\$000
Fully paid ordinary shares	1,018,308,291	1,018,308,291	83,789	83,789
Movements:				
At the 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

Capital Management

Management controls the capital of the group in order to meet debt covenants, provide shareholders with adequate returns and ensure the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities supported by financial assets.

The company has a debt covenant prescribed by its bank financier, Westpac Banking Corporation. Refer Note 18.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in risks and in the market. These responses include the management of debt levels and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 22: RESERVES

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Reserve				
Opening Balance	210	55	90	55
Additions				
- Options issued	46	35	46	35
- Undistributable profits	370	134	-	-
- Exchange translation reserve	(476)	(14)	-	-
Closing Balance	150	210	136	90

Option Reserve

The option reserve records items recognised as expenses in relation to employee share options.

Undistributable Profits Reserve

The undistributable profits reserve records profits earned by Quantum Energy Technologies (Suzhou) Co Ltd that are required to be retained by that company and cannot be distributed as dividends to Quantum Energy Limited. The reserve is currently at its maximum required amount.

Exchange Translation Reserve

The exchange translation reserve records the exchange differences arising on translation of the financial statements of overseas subsidiaries to Australian dollars.

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 23: LEASING COMMITMENTS

	Consolidated Group		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Finance lease commitments				
Minimum lease payments payable within				
- 1 year	312	64	-	-
- between 1 year and five years	929	179	-	-
	1,241	243	-	-
Less: Future finance charges	(165)	(32)	-	-
	1,076	211	-	-
Disclosed as:				
Current liability	237	14	-	-
Non-current liability	839	197	-	-
	1,076	211	-	-
Operating lease commitments				
Non-cancellable operating leases contracted but not capitalised in the financial statements				
- Payable within one year	1,245	62	-	-
- Payable later than 1 year and not later than 5 years.	2,333	3	-	-
	3,578	65	-	-

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 24: SEGMENT REPORTING

	Heat Pump Technologies		Medical		Unallocated		Elimination		Consolidated	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Total revenue	94,606	14,178	16,611	15,383	1	29	-	-	111,218	29,590
Profit/(loss) from ordinary activities	30,729	2,900	1,937	-8,510	13,337	-2,094	-15,741	-	30,261	-7,704
Segment assets	70,630	9,530	22,832	20,424	34,195	4,030	-38,239	-	89,418	33,985
Segment liabilities	-50,794	-3,423	-13,755	-18,327	-16,694	-7,574	26,317	-	-54,926	-29,324
Depreciation	238	108	37	36	-	-	-	-	275	144
Acquisition of Property, Plant & Equipment	1,512	77	78	19	-	-	-	-	1,590	96
Impairment loss recognised in profit & loss	-	-	-	10,027	-	-	-	-	-	10,027

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most of such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

Business Segments

The entity operates in two business segments, being the manufacturing and distribution of energy saving heat pump technology, hot water and heat/cooling systems, and the distribution of high-end medical products.

Geographical Segments

The consolidated group predominately operates in two geographical segments with manufacturing operations in China and distribution in Australia.

Intersegment Transfers

There were no intersegment transfers.

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 25: CASH FLOW INFORMATION

	Consolidated Group		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax				
Operating profit (loss) after income tax	30,261	(7,704)	13,337	(9,543)
Non-cash flows in profit (loss)				
- Depreciation	289	144	-	-
- Impairment of goodwill	-	10,027	-	10,027
- Foreign Currency Losses/(Gains)	(593)	(14)	-	-
- Loss on sale of assets/investments	18	44	-	657
- Impairment of Receivables	(12)	(47)	(13,987)	(3,833)
- Income Tax	9,630	(141)	(2,461)	-
- Share options expenses	46	35	46	35
- Impairment of inventories	(1)	-	-	-
(Increase)/Decrease in:				
- Trade Receivables	(32,780)	(1,735)	-	419
- Other Receivables	(3,493)	(1,914)	-	-
- Inventories	(19,464)	(2,205)	41	-
Increase/(Decrease) in:				
- Other Payables	71	55	-	37
- Trade Payables	18,914	2,102	1,264	-
- Provision for Warranty	1,163	-	-	-
- Fair value adjustment	(23)	10	-	-
Cash flows from (used in) operations	<u>4,026</u>	<u>(1,343)</u>	<u>(1,760)</u>	<u>(2,201)</u>

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 25: CASH FLOW INFORMATION (CONTINUED)

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
(b) Credit Standby Arrangements with Banks				
Credit facility*	3,000	500	3,000	500
Amount utilised	(1,900)	(494)	(1,900)	(494)
Amount available	1,100	6	1,100	6

* A bank overdraft facility has been arranged with the Westpac Banking Corporation with the general terms and conditions being set and agreed to annually.

(c) Loan Facilities

Loan facilities	11,950	10,800	9,450	10,800
Amount utilised	(9,450)	(10,800)	(9,450)	(10,800)
Amount available	2,500	-	-	-

The loan facility has been provided by Westpac Banking Corporation with security being a floating charge over the assets of the company and certain subsidiary companies together with a requirement for the ratio of EBIT to interest expense to be a minimum of 3.

For the year ended 30 June 2008, the consolidated group did not comply with this requirement.

For the year ended 30 June 2009 an additional requirement of a minimum capital adequacy ratio of 25% applied, calculated as:

$$\frac{\text{Tangible Net Worth (excl. Intangibles/Goodwill) + Shareholders Loans}}{\text{Total Tangible Assets (excl. Intangibles/Goodwill)}}$$

The consolidated group complied with both the EBIT and capital adequacy ratios for year ended 30 June 2009.

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 26: OPTIONS

On 21 October 2004 8,009,400 options were granted to holders of ordinary shares when they applied for the purchase of further ordinary shares, at an exercise price of \$0.165 each, vesting on 14 October 2007. These options expired on 31 December 2007.

On 18 September 2006 4,000,000 options were granted to employees to subscribe for ordinary shares at an exercise price of \$0.10 each. The options vest and are exercisable in equal tranches on 1 September 2009, 1 September 2010 and 1 July 2011. The options expire on 31 August 2011.

On 22 February 2008 3,500,000 options were granted to 2 executives to subscribe for ordinary shares at an exercise price of \$0.15 each. The options vest and are exercisable in equal tranches on 1 December 2009, 1 December 2010 and 1 December 2011. In October 2008 2,000,000 options expired on the resignation of M Walstab. The remaining 1,500,000 options expire on 30 November 2012.

On 21 July 2008 1,000,000 options were granted to 1 executive to subscribe for ordinary shares at an exercise price of \$0.15 each. The options vest and are exercisable in equal tranches on 25 July 2009, 25 July 2010 and 25 July 2011. The options expire on 1 July 2013.

All options granted are over ordinary shares in Quantum Energy Limited, which confer a right of one ordinary share for every option held.

	Consolidated Group and Parent	
	2009	2008
	No. Options	No. Options
Outstanding at the beginning of the year	7,500,000	12,009,400
Granted		3,500,000
- Expiry date 30 November 2012		
- Expiry date 25 July 2013	1,000,000	
Expired	(2,000,000)	(8,009,400)
Outstanding at year-end	6,500,000	7,500,000
Exercisable at year end	-	-

The options outstanding at 30 June 2009 have a weighted average exercise price of \$0.12 (2008 - \$0.12) and a weighted average remaining contractual life of 2.75 years (2008: 4.86 years)

The fair value of the options granted during the year was an average \$0.01. This price was calculated by using the Black-Scholes option pricing model applying the following inputs:

Exercise prices	\$ 0.15
Life of the option	4.8 years
Underlying share price—grant date	\$0.075
Expected share price volatility	40%
Expected dividend	\$ Nil
Risk free interest rate	6.35%

Further details of these options are provided in the Report of the Directors. The options lapse when the holder ceases employment with the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Quantum Energy Limited and Controlled Entities

NOTE 27: RELATED PARTY DISCLOSURES

(a) Equity interests in related parties

Equity interests in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 12 to the financial statements.

(b) Key management personnel

Details of directors' remuneration are disclosed in the Remuneration Report in the Directors' Report, and in Note 5.

(c) Directors' equity holdings

Details of directors' and key management's personal equity holdings are disclosed in Note 5.

(d) Other transactions with directors and director related entities

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Payment for accountancy services to Hall Chadwick Chartered Accountants of which Drew Townsend is a Partner	126	83	126	83
Payment for brokerage to Navigator in which Hall Chadwick has a 50% interest and in which company Drew Townsend is beneficially a shareholder	12	17	12	17
Accrued interest payable on loans from directors and director related parties at 10% per annum				
- Phillip Sidney	972	901	972	901
- Drew Townsend	74	88	74	88
- John Walstab	719	492	719	492
Unsecured loans from directors and related parties				
- Phillip Sidney	917	1,366	1,366	1,364
- Drew Townsend	-	317	317	317
- John Walstab	2,109	2,985	2,985	2,923
Unsecured loans from directors of subsidiary companies				
- Andrew McDonald	645	660	645	660
- Jim Hewlett	212	224	212	224
Rental income received on property leased to Quantum group by the directors	450	450		
Contributions to external superannuation funds on behalf of employees				
- Phillip Sidney	26	13	19	-
- John Walstab	14	9	-	-
Interest expense on loans from Directors				
- Phillip Sidney	145	140	145	140
- Drew Townsend	22	32	22	32
- John Walstab	227	277	227	277

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 28: FINANCIAL RISK MANAGEMENT

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed using a mix of fixed and floating rate debt as detailed below.

	Weighted Average Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing				Non-interest Bearing		Total	
					Less than 1 Year		1 to 5 Years					
	%				\$000		\$000		\$000		\$000	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Financial assets:												
Cash	1.5%	5.3%	1,408	1,265	-	-	-	-	-	-	1,408	1,265
Trade & Other Receivables			-	-	-	-	-	-	34,132	7,528	34,132	7,528
Other			-	-	-	-	-	-	153	505	153	505
Total financial assets			1,408	1,265	-	-	-	-	34,287	8,033	35,695	9,298
Financial liabilities:												
Bank loans	6.5%	8.0%	3,450	4,800	-	-	6,000	6,000	-	-	9,450	10,800
Bank overdraft	17.1%	12.4%	1,900	494	-	-	-	-	-	-	1,900	494
Lease liability	6.7%	8.5%	-	-	237	14	839	197	-	-	1,076	211
Loans unsecured	12.0%	10.0%	-	-	917	-	3,746	5,832	-	-	4,663	5,832
Trade and other creditors			-	-	-	-	-	-	26,448	6,164	26,448	6,164
Total financial liabilities			5,350	5,294	1,154	14	10,585	12,029	26,448	6,164	43,537	23,501

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- monitoring undrawn credit facilities
- maintaining a reputable credit profile
- managing credit risk related to financial assets

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 28: FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Quantum Energy Limited and Controlled Entities

Financial liability and financial asset maturity analysis

	Within 1 month		After 1 month, within 1 year		1 to 5 Years		Total	
	%		\$000		\$000		\$000	
Consolidated	2009	2008	2009	2008	2009	2008	2009	2008
Financial assets:								
Cash	1,408	1,265	-	-	-	-	1,408	1,265
Trade & Other Receivables	16,446	7,528	17,686	-	-	-	34,132	7,528
Other	-	-	-	-	153	505	153	505
Total financial assets	17,854	8,793	17,686	-	153	505	35,693	9,298
Financial liabilities:								
Bank loans	-	10,800	1,800	-	7,650	-	9,450	10,800
Bank overdraft	-	-	1,900	494	-	-	1,900	494
Lease liability	20	1	217	13	839	197	1,076	211
Loans unsecured	-	-	917	-	3,746	5,832	4,663	5,832
Trade and other creditors	12,491	3,058	13,957	3,106	-	-	26,448	6,164
Total financial liabilities	12,511	13,858	18,791	3,613	12,235	6,029	43,537	23,501

Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The Group does not hedge and therefore is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's functional currency. The group monitor movements in exchange rates.

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 28: FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign exchange risk (continued)

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations, denominated in currencies other than the functional currency of the operations. The foreign currency risk in the books of the parent entity is considered immaterial and is therefore not shown.

	Converted to Australian dollars	
	2009	2008
	\$000	\$000
Receivables:		
China RMB	2,118	-
United State dollars	-	-
New Zealand dollars	64	1,017
Total amounts receivable in foreign currencies	<u>2,182</u>	<u>1,017</u>

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Group.

The consolidated group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated group.

Credit risk is managed through the maintenance of procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counter parties, ensuring to the extent possible, that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Within the Group, credit terms are generally 30 to 60 days from the invoice date.

Risk is also minimised through investing any surplus funds in financial institutions that maintain a high credit rating.

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets as presented in the balance sheet.

Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities.

Quantum Energy Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 28: FINANCIAL RISK MANAGEMENT (CONTINUED)

Price risk (continued)

The Group is exposed to movement in the market values of Renewable Energy Certificates ("RECs").

The group is also exposed to securities price risk on changes in the price of forward contracts of Renewable Energy Certificates.

The value of forward contracts held by the group at balance date was \$ 15million (excluding GST).

Net Fair Values

Fair value estimation

The group has no significant assets at fair value.

NOTE 29: EVENTS AFTER BALANCE SHEET DATE

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

NOTE 31: ECONOMIC DEPENDENCY

A significant portion of the business is dependent of the continuation of government assistances to consumers in relation to energy efficient hot water systems.

NOTE 32: COMPANY DETAILS

The registered office of the company is:

Quantum Energy Limited

56-60 Bourke Road, Alexandria, NSW 2015

The principal place of business is:

Quantum Energy Limited

56-60 Bourke Road, Alexandria, NSW 2015

Quantum Energy Limited and Controlled Entities

STOCK EXCHANGE INFORMATION

(a) Distribution of Shareholders as at 14 August 2009

Category (size of holding)	Number of Holders
1 – 1,000	65
1,001 – 5,000	349
5,001 – 10,000	375
10,001 – 100,000	626
100,001 – and over	132
	<hr/>
	1,547
	<hr/>

(b) The number of shareholdings held in less than marketable parcels is 60.

(c) The names of the substantial shareholders listed in the holding company's register as at 14 August 2009 are as follows. This also reflects the directors relevant stock interests:

Directors	Shares
D.A. Townsend	759,991,417 *
P.G. Sidney	760,761,207 **
J. Walstab	86,641,634 ***
Ordinary shareholder	Relevant interest notified
Crisp Holdings Ltd	753,736,667 ordinary shares

* 759,031,867 held jointly with P Sidney and 863,550 held jointly with P Sidney and J Walstab

** 759,031,867 held jointly with D Townsend and 863,550 held jointly with D Townsend and J Walstab

*** 863,550 held jointly with D Townsend and P Sidney and 863,550 held jointly with P Sidney

(d) Unquoted equity securities

	Number on Issue
Options issued to employees	6,500,000

(e) Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Quantum Energy Limited and Controlled Entities

STOCK EXCHANGE INFORMATION (CONTINUED)

(f) 20 Largest Shareholders — Ordinary Shares as at 14 August 2009

Holder Name	Shares Held	% Holding
Crisp Holdings Ltd	753,736,667	77.323%
Mr John Walstab	58,718,418	6.024%
Mr Andrew McDonald	33,904,000	3.478%
Mr Andrew McDonald & Mrs Sandra McDonald	11,129,400	1.142%
Ramn Pty Ltd	9,266,444	0.951%
Glory Team Holdings Limited	8,107,360	0.832%
Mr Barry Nelson	8,000,000	0.821%
Chicago Limited	5,295,200	0.543%
Mr James Hewlett	4,333,000	0.445%
Bond Street Custodians Limited	4,077,931	0.418%
Thyatira Pty Ltd	4,000,000	0.410%
Mr John Walstab	2,654,166	0.272%
Brighten Investments Ltd	2,600,000	0.267%
Patlin Securities Pty Limited	2,500,000	0.256%
Bh Super Pty Ltd	1,800,100	0.185%
Ms Sze Man Chan	1,793,200	0.184%
Mr James Hewlett	1,600,000	0.164%
Milrix Pty Ltd	1,250,000	0.128%
Nighdoc Pty Ltd	1,103,333	0.113%
Karavax Pty Ltd	1,000,000	0.103%
	916,869,219	94.06%

(g) Restricted shares – Fully paid ordinary shares held under escrow

	Holder Name	Shares Held	%
1	Mr. John Walstab	24,395,000	24.395000%
2	Mr. Andrew McDonald	16,952,000	16.952000%
3	Mr. James Hewlett	2,167,000	2.167000%
		43,514,000	100%

(h) On-market buy-backs

There is no on-market buy-backs currently on place in relation to the securities of the company.

(i) Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

MATERIAL DIFFERENCE TO APPENDIX 4E

There are no material differences to the financial statements set out in this report when compared to the information set out in the Company's Appendix 4E preliminary final statement released to the ASX on 31 August 2009.