



Quantum Energy Limited

And its controlled entities

A.B.N. 19 003 677 245

APPENDIX 4E

PRELIMINARY FINAL REPORT

YEAR ENDED 30 JUNE 2012

APPENDIX 4E**Preliminary Final Report****Quantum Energy Limited
A.B.N 13 003 677 245****Financial Year ended 30 June 2012****Results for Announcement to the market****Revenue and Profit**

Revenues from ordinary activities	Decreased by 5% to \$ 41,632,258 (2011:\$ 43,805,975)
Profit (loss) from continuing operations after tax attributable to members	Decreased to a loss of \$ (1,953,679) (2011: \$ (5,223,073))
Profit (loss) from discontinuing operations after tax	Decrease to \$ (1,743,310) (2011: \$ (4,642,649))
Net Loss for the period attributable to members	Decreased to loss of \$ (3,696,989) (2011: \$ (9,865,722))
Total comprehensive income for the period attributable to members	Decreased to loss of \$ (3,288,309) (2011: \$ (10,822,559))

EPS

	30 June 2012	30 June 2011
Earnings (Loss) Per Share	(0.36)cents	(0.97) cents
Diluted Earnings (Loss) Per Share	(0.36)cents	(0.97) cents

Dividends

It is not proposed to pay dividends at this time.

NTA backing

	30 June 2012	30 June 2011
Net tangible asset backing per share	0.96 cents	1.45 cents

Review of Operations

The Company experienced a challenging year with Environmental Services Division impacted by the significant uncertainty and changes concerning the level of government assistance provided to consumers in the renewable energy sector.

During the previous year, the Company established a new retail Solar Division distributing and installing PV products to generate electricity for consumers. However significant losses were incurred and as a result of the ongoing uncertainty and regulatory changes within the renewable energy sector, in June 2011, the Company closed the Division.

Domestically a recent improvement in sales activity has been noted and the Company expects this improvement to continue through financial year 2013 as the uncertainty subsides. The Directors anticipate the Environmental Division will return to profitability based on a renewed focus on sales and distribution channels to support the business.

The high end Medical Distribution Division also had a difficult year with strong competition resulting in a reduction in margins. The business products experienced difficulty in obtaining the desired market penetration.

The current level of orders and sales activity is excellent and Quantum expects the result to substantially improve in financial year 2013.

Financial position

The net assets of the consolidated group have decreased to \$ 29,346,713 as at 30 June 2012. The Directors believe that the group is in a strong and stable financial position to expand and grow its current operations.

General

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

EPS

The loss per share for the current financial year was (0.36) cents as compared with a loss per share of (0.97) cents in the previous corresponding period.

Factors which are likely to affect results in the future

The Company is unaware of any factors which are likely to affect results in the future.

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

Control gained or lost over entities having a material effect

The group has not gained or lost control over any entity during the financial year.

Audited Accounts

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



Drew Townsend
Chairman of the Board
31st August 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated Group	
		2012	2011
		\$ 000	\$ 000
Revenue from continuing activities	2	41,632	43,806
Cost of Sales		(22,568)	(23,774)
Employee benefits expense		(11,149)	(12,622)
Depreciation and amortisation expense		(651)	(632)
Advertising and promotion expenses		(535)	(383)
Finance costs	3	(1,069)	(1,523)
Legal fees		(235)	(227)
Impairment of equity accounted investment		-	(2,837)
Research and development expenditure		(167)	(124)
Travel expenses		(1,196)	(1,473)
Motor vehicle expenses		(578)	(1,064)
Warranty expenses		(63)	66
Telephones & internet		(507)	(444)
Consultants		(158)	(330)
Freight & delivery expenses		(143)	(85)
Occupancy (rent) expenses		(1,618)	(1,909)
Insurance		(249)	(425)
Profit (loss) on disposal of Renewable Energy Certificates		(179)	(1,057)
Fair value loss on financial assets (Renewable Energy Certificates)		(428)	984
Share of losses in associate	9	(527)	-
Other expenses		(2,145)	(2,631)
(Loss) Profit from Continuing Operations before income tax		(2,533)	(6,684)
Income tax (expense) credit		580	1,461
Net (Loss) profit from Continuing Operations		(1,953)	(5,223)
(Loss) from Discontinued Operations	8	(1,743)	(4,642)
Net (Loss) profit after tax		(3,696)	(9,865)
Other comprehensive income			
Translation of foreign subsidiaries		408	(958)
Total comprehensive income for the period		(3,288)	(10,823)

Earnings per share for the loss from continuing operations attributable to the ordinary equity holders of the company

Basic earnings per share (cents per share)	4	(0.19)	(0.51)
Diluted earnings per share (cents per share)	4	(0.19)	(0.51)

Earnings per share for the loss attributable to the ordinary equity holders of the company

Basic earnings per share (cents per share)	4	(0.36)	(0.97)
Diluted earnings per share (cents per share)	4	(0.36)	(0.97)

The accompanying notes form part of these financial statements.

BALANCE SHEET AS AT 30 JUNE 2012

	Note	Consolidated	
		2012 \$ 000	2011 \$ 000
CURRENT ASSETS			
Cash and cash equivalents	5	5,297	4,531
Trade and other receivables		5,925	9,715
Inventories		14,970	17,683
Financial assets		2,644	13,402
Other current assets		2,038	1,327
Assets classified as held for sale		26	6,118
TOTAL CURRENT ASSETS		30,900	52,776
NON-CURRENT ASSETS			
Trade and other receivables		56	187
Investment in associate	9	218	191
Property, plant and equipment		1,707	1,809
Deferred tax assets		7,657	5,960
Intangible assets		11,955	11,955
Other		134	165
TOTAL NON-CURRENT ASSETS		21,725	20,267
TOTAL ASSETS		52,625	73,043
CURRENT LIABILITIES			
Trade and other payables		15,051	15,252
Borrowings		2,887	16,628
Current tax liabilities		152	276
Short term provisions		1,890	2,290
Liabilities associated with assets held for sale		20	2,138
TOTAL CURRENT LIABILITIES		20,000	36,584
NON-CURRENT LIABILITIES			
Borrowings		2,982	3,445
Employee benefits		296	379
TOTAL NON-CURRENT LIABILITIES		3,278	3,824
TOTAL LIABILITIES		23,278	40,408
NET ASSETS		29,347	32,635
EQUITY			
Issued capital	6	83,789	83,789
Reserves		(54)	(310)
Retained earnings (accumulated losses)		(54,388)	(50,844)
TOTAL EQUITY		29,347	32,635

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	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 2010	83,789	143	504	(9)	(40,978)	43,449
Total comprehensive income for the year	-	-	-	(957)	(9,866)	(10,823)
Options issued to employees	-	9	-	-	-	9
Balance at 30 June 2011	83,789	152	504	(966)	(50,844)	32,635
Balance at 1 July 2011	83,789	152	504	(966)	(50,844)	32,635
Options expired	-	(152)	-	-	152	-
Total comprehensive income for the year	-	-	-	408	(3,696)	(3,288)
Balance at 30 June 2012	83,789	-	504	(558)	(54,388)	29,347

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT THE YEAR ENDED 30 JUNE 2012

	Notes	2012 \$000	2011 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		56,001	48,823
Receipts from legal case settlement		169	207
Payments to suppliers and employees		(48,798)	(63,793)
Interest received		46	39
Finance costs		(1,248)	(2,255)
Income tax paid		(498)	(1,741)
Net cash provided by (used in) operating activities		<u>5,672</u>	<u>(18,720)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		755	-
Purchase of property, plant and equipment		(136)	(243)
Dividends received from unrelated entity		3	6
Payments for acquisition of investment in associate		(553)	(2,837)
Payments for financial assets		(5,086)	(4,890)
Proceeds from sale of financial assets		12,014	32,620
Acquisition of convertible note		-	(191)
Net cash provided by (used in) investing activities		<u>6,997</u>	<u>24,465</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		298	5,978
Repayment of borrowings		(9,654)	(12,291)
Net cash provided by (used in) financing activities		<u>(9,356)</u>	<u>(6,313)</u>
Net increase/(decrease) in cash held		3,313	(568)
Cash at beginning of period		<u>121</u>	<u>689</u>
Cash at end of period	5	<u><u>3,434</u></u>	<u><u>121</u></u>

The accompanying notes form part of these financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies have been consistently applied by the consolidated entity and are consistent with those applied in the 30 June 2011 annual financial report.

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated Group	
	2012	2011
	\$ 000	\$ 000
Revenue		
Sale of goods	34,553	38,885
Services revenue	6,754	4,886
	<u>41,307</u>	<u>43,771</u>
Other Income		
Interest receivable- other entities	47	-
Interest receivable – related parties	144	51
Dividend from unrelated parties	3	6
Other revenue	131	(22)
	<u>325</u>	<u>35</u>
Total revenue	<u>41,632</u>	<u>43,806</u>

NOTE 3: PROFIT AND LOSS FOR THE YEAR**Expenses**

Finance costs		
- External	664	1,277
- Related parties	405	246
Total finance costs	<u>1,069</u>	<u>1,523</u>
Foreign currency losses (gains)	<u>318</u>	<u>(131)</u>

NOTE 4: EARNINGS PER SHARE

	Consolidated Group	
	2012	2011
	Cents per Share	Cents per Share
Earnings per share for the loss from continuing operations		
Basic earnings per share	(0.19)	(0.51)
Diluted earnings per share	(0.19)	(0.51)
Earnings per share for the net loss after tax		
Basic earnings per share	(0.36)	(0.97)
Diluted earnings per share	(0.36)	(0.97)
(a) Reconciliation of earnings to profit or loss		
	2012	2011
	\$ 000	\$ 000
Net profit/(loss) from continuing operations	(1,953)	(5,223)
Earnings used to calculate basic EPS	(1,953)	(5,223)
Earnings used to calculate diluted EPS	(1,953)	(5,223)
Net profit/(loss)	(3,696)	(9,866)
Earnings used to calculate basic EPS	(3,696)	(9,866)
Earnings used to calculate diluted EPS	(3,696)	(9,866)
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	1,018,308,291	1,018,308,291
(c) Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	1,018,308,291	1

All options previously on issue expired in August 2011 and up until this date were considered to be anti-dilutive, and have not been included in calculating diluted EPS.

NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2012	2011
	\$ 000	\$ 000
Cash as shown in the Balance Sheet is reconciled to cash at the end of the financial year shown in the Cash Flow Statement		
Cash at bank and in hand	5,297	4,531
Bank Overdraft	(1,863)	(4,410)
	<u>3,434</u>	<u>121</u>

NOTE 6: ISSUED CAPITAL

	Consolidated Group		Consolidated Group	
	2011	2011	2012	2011
	No.	No.	\$ 000	\$ 000
CURRENT				
Fully paid ordinary shares	1,018,308,291	1,018,308,291	83,789	83,789
Movements:				
At beginning of the year	1,018,308,291	1,018,308,291	83,789	83,789
At the end of the year	1,018,308,291	1,018,308,291	83,789	83,789

NOTE 7: SEGMENT REPORTING

	Environmental Services		Medical		Investments		Unallocated		Elimination		Consolidated-Continuing Operations	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Total revenue	24,387	23,194	17,101	20,622	-	-	144	(10)	-	-	41,632	43,806
Profit/(Loss) from continuing operations after tax	(219)	(328)	796	(240)	(1,062)	(3,061)	(1,357)	(997)	(111)	(597)	(1,953)	(5,223)
Segment assets	11,456	33,707	25,116	32,349	1,285	11,937	21,373	21,490	(6,631)	(32,558)	52,599	66,925
Segment liabilities	4,007	19,330	11,712	16,370	-	6,437	4,915	13,209	2,624	(17,076)	23,258	38,270

	Discontinued		Consolidated	
	2012	2011	2012	2011
	\$ 000	\$ 000	\$ 000	\$ 000
Total revenue	1,433	7,208	43,065	51,014
Profit/(Loss) after tax	(1,743)	(4,642)	(3,696)	(9,865)
Segment assets	26	6,118	52,625	73,043
Segment liabilities	20	2,138	23,278	40,408

NOTE 8: DISCONTINUED OPERATIONS AND ASSETS HELD FOR RESALE

On 30 June 2011 the Company closed its retail Solar Power Division. The division incurred significant losses of \$ 1,743,310 (2011: \$ 4,642,647) on revenues of \$ 1,433,098 (2011: 7,207,791).

NOTE 9: INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Information in relation to Associate	2012	2011
(i) Name: Manly Warringah Sea Eagles Limited		
(ii) Ownership interest:	37%	35%
(iii) Share of losses	\$ 527,326	-