

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

Interim Financial Report

Appendix 4D

Half-Year Report

Period ended 31 December 2009

This information is provided under listing rule 4.2A.3 for the half-year ended 31 December 2009 and includes comparative information for the half-year ended 31 December 2008.

**Results for Announcement to the market**

**Revenue and Profit**

Revenues from ordinary activities	Increased by 12.5% to \$ 54,686,000 (from \$48,621,000)
Profit from ordinary activities after tax attributable to members	Decreased to \$ 6,535,000 (from profit of \$12,165,000)
Net profit for the period attributable to members	Decreased to \$ 6,535,000 (from profit of \$12,165,000)

**Dividends**

It is not proposed to pay dividends at this time.

**NTA backing**

Net tangible asset backing per share	31 December 2009 2.7 cents	31 December 2008 0.6 cents
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Quantum Energy Limited

A.B.N. 19 003 677 245

And its controlled entities

Half-Yearly Report

31 December 2009

## Interim Financial Report

### DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2009.

#### Directors

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

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

#### Review of Operations

The company continued to operate in two segments being heat pump technologies and high end medical equipment. Both business operated successfully in the half year. The heat pump business is consolidating its growth in Australia and pursuing international opportunities. The medical business is experiencing a significant increase in opportunities which has been assisted by the improved relationship with Philips, one of its major agencies.

The board remain confident about future prospects.

#### Rounding of Amounts

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

#### Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2009 is set out on page 2.

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



Director      Drew Townsend

Dated:        26 February 2010

## AUDITOR'S INDEPENDENCE DECLARATION

### To the Directors of Quantum Energy Limited:

As lead auditor for the review of Quantum Energy Limited for the half-year ended 31 December 2009 I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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



**D K Swindells**  
Partner

**Sydney**  
**26 February 2010**

Quantum Energy Limited and Controlled Entities  
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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED  
31 DECEMBER 2009**

	Notes	31/12/2009 \$000	31/12/2008 \$000
Revenue		54,686	48,621
Cost of manufacture		(35,136)	(21,994)
Advertising and promotion expenses		(694)	(233)
Depreciation and amortisation expense		(220)	(127)
Employee benefits expense		(5,428)	(3,708)
Finance costs		(632)	(839)
Freight and deliveries		(217)	(323)
Impairment of goodwill	7	-	-
Motor vehicle expenses		(443)	(426)
Occupancy costs		(1,103)	(404)
Research and development expenses		(31)	(116)
Travel expenses		(639)	(439)
Telephones & Internet		(220)	(190)
Warranty expenses		(477)	(714)
Legal Fee		(173)	(152)
Consultant Fee		(439)	(163)
Foreign Currency Transactions gains/(losses)		1,183	(1,168)
Other expenses		(1,689)	(1,249)
<b>Profit before income tax</b>	2	<b>8,328</b>	<b>16,376</b>
Income tax expense (benefit)		1,793	4,211
<b>Net profit attributable to members of the parent entity</b>		<b>6,535</b>	<b>12,165</b>
<b>Other comprehensive income</b>			
Translation of foreign subsidiaries		(1,907)	1,132
<b>Total comprehensive income for the period</b>		<b>4,628</b>	<b>13,297</b>

	Cents	Cents
<b>Earnings per share</b>		
Basic earnings per share	0.642	1.195
Diluted earnings per share	0.638	1.187

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Quantum Energy Limited and Controlled Entities  
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Interim Financial Report

**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009**

	Notes	31/12/2009 \$000	30/06/2009 \$000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		3,327	1,408
Trade and other receivables		16,791	34,131
Inventories		26,997	24,394
Financial assets		21,657	6,527
Other current assets		1,516	6,079
<b>TOTAL CURRENT ASSETS</b>		<u>70,288</u>	<u>72,539</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		2,393	2,049
Deferred tax assets		2,715	2,722
Intangible assets	8	11,955	11,955
Other non-current assets		174	153
<b>TOTAL NON-CURRENT ASSETS</b>		<u>17,237</u>	<u>16,879</u>
<b>TOTAL ASSETS</b>		<u>87,525</u>	<u>89,418</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		24,140	30,089
Financial liabilities		4,450	2,962
Current tax liabilities		8,161	7,728
Provisions		1,810	1,561
<b>TOTAL CURRENT LIABILITIES</b>		<u>38,561</u>	<u>42,340</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability		154	99
Financial liabilities		9,386	12,235
Employee benefits		283	252
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>9,823</u>	<u>12,586</u>
<b>TOTAL LIABILITIES</b>		<u>48,384</u>	<u>54,926</u>
<b>NET ASSETS</b>		<u>39,141</u>	<u>34,492</u>
<b>EQUITY</b>			
Issued capital		83,789	83,789
Reserves		(1,736)	150
Retained earnings (accumulated losses)		(42,912)	(49,447)
<b>TOTAL EQUITY</b>		<u>39,141</u>	<u>34,492</u>
Net tangible assets/(liabilities) per security		0.027	0.022

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

Quantum Energy Limited and Controlled Entities  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED  
31 DECEMBER 2009**

	Note	Issued Capital Ordinary	Option Reserve	Un-distributable Profits Reserve	Exchange Translation Reserve	Retained Earnings	Total
		\$000	\$000	\$000	\$000	\$000	\$000
<b>Balance at 1 July 2008</b>		83,789	90	134	(14)	(79,338)	4,661
Transfer from retained earnings		-	-	247	-	(247)	-
Translation of foreign subsidiaries		-	-	-	1,132	-	1,132
Options issued to employees		-	26	-	-	-	26
Profit attributable to members of parent entity		-	-	-	-	12,165	12,165
Dividends paid or provided for		-	-	-	-	-	-
<b>Balance at 31 December 2008</b>		<b>83,789</b>	<b>116</b>	<b>381</b>	<b>1,118</b>	<b>(67,420)</b>	<b>17,984</b>

<b>Balance at 1 July 2009</b>		83,789	136	504	(490)	(49,447)	34,492
Transfer from retained earnings		-	-	-	-	-	-
Translation of foreign subsidiaries		-	-	-	(1,907)	-	(1,907)
Options issued to employees		-	21	-	-	-	21
Profit attributable to members of parent entity		-	-	-	-	6,535	6,535
Dividends paid or provided for	3	-	-	-	-	-	-
<b>Balance at 31 December 2009</b>		<b>83,789</b>	<b>157</b>	<b>504</b>	<b>(2,397)</b>	<b>(42,912)</b>	<b>39,141</b>

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

Quantum Energy Limited and Controlled Entities  
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**CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED  
31 DECEMBER 2009**

	Notes	31/12/2009 \$000	31/12/2008 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		62,266	41,039
Payments to suppliers and employees		(55,502)	(38,914)
Interest received		7	36
Sundry income		285	1,430
Finance costs		(1,908)	(505)
Income tax paid		(1,298)	-
Net cash provided by (used in) operating activities		3,850	3,086
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(348)	(182)
Proceeds from sale of property, plant and equipment		42	-
Net cash provided by (used in) investing activities		(306)	(182)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		(178)	(114)
Proceeds from borrowings		3,486	800
Repayment of borrowings		(4,933)	(1,951)
Net cash provided by (used in) financing activities		(1,625)	(1,265)
Net increase in cash held		1,919	1,639
Cash at beginning of period		1,408	771
Cash at end of period		3,327	2,410

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

Interim Financial Report

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED  
 31 DECEMBER 2009**

**NOTE 1: BASIS OF PREPARATION**

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Quantum Energy Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2009 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

*Reporting Basis and Conventions*

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

**NOTE 2: PROFIT FOR THE PERIOD**

There were no significant revenue or expense items relevant to explaining the performance for the interim period.

**NOTE 3: DIVIDENDS**

No amounts have been paid, declared or recommended by the company by way of dividend since the commencement of the financial period (2008: Nil).

**NOTE 4: SEGMENT INFORMATION**

	Heat Pump Technologies		Medical		Consolidated	
	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08
	\$000	\$000	\$000	\$000	\$000	\$000
Segment Revenue	45,871	37,428	8,815	11,192	54,686	48,621
Profit from continuing activities	6,776	14,767	1,552	1,609	8,328	16,376
Unallocated Expenses	0	0	0	0	0	0
Profit before Income Tax	6,776	14,767	1,552	1,609	8,328	16,376
Income Tax Expense	(1,220)	(4,205)	(573)	(6)	(1,793)	(4,211)
Profit after Income Tax	5,556	10,562	979	1,603	6,535	12,165

Interim Financial Report

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED  
31 DECEMBER 2009 (continued)**

**NOTE 5: CONTINGENT LIABILITIES**

No contingent liabilities.

**NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE**

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

**NOTE 7: IMPAIRMENT**

Goodwill has been tested for impairment at 31 December 2009 and the Directors believe no adjustment is required in relation to the carrying value of goodwill as at 31 December 2009.

**NOTE 8: INTANGIBLE ASSETS**

	<b>Consolidated</b>	
	<b>31/12/2009</b>	<b>30/06/2009</b>
	<b>\$000</b>	<b>\$000</b>
Goodwill on acquisition		
Cost	83,146	83,146
Accumulated impairment losses	<u>(71,191)</u>	<u>(71,191)</u>
Net carrying amount	<u>11,955</u>	<u>11,955</u>

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

	<b>Consolidated</b>	
	<b>31/12/2009</b>	<b>30/06/2009</b>
	<b>\$000</b>	<b>\$000</b>
Medical (InSight Oceania Pty Ltd)	11,811	11,811
Heat pump technologies	<u>144</u>	<u>144</u>
Total	<u>11,955</u>	<u>11,955</u>

Interim Financial Report

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 8:
  - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
  - b. give a true and fair view of the consolidated group's financial position as at 31 December 2009 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Director .....

Drew Townsend

Dated: 26 February 2010

**QUANTUM ENERGY LIMITED  
HALF-YEAR REVIEW REPORT**

To the members of Quantum Energy Limited:

**Report on the Half-year Financial Report**

We have reviewed the accompanying half-year financial report of Quantum Energy Limited and Controlled Entities (“the consolidated group”) which comprises the consolidated balance sheet as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors’ declaration, as set out on pages 3 to 9. The consolidated group comprises Quantum Energy Limited (“the company”) and the entities it controlled during the half-year.

*Directors’ Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 control relevant to the preparation and fair presentation of the half-year 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.

*Auditor’s Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated group’s financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Quantum Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**HLB Mann Judd (NSW Partnership) ABN 34 482 821 289**

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**HALF-YEAR REVIEW REPORT (continued)**

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by management.

*Independence*

In conducting our review, 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 26 February 2010, would be in the same terms if provided to the directors as at the time of this auditor's review report.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Quantum Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated group's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**HLB Mann Judd**



**Sydney**  
**26 February 2010**

**D K Swindells**  
**Partner**