

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

**Interim Financial Report**

**Appendix 4D**

**Half-Year Report**

**Period ended 31 December 2012**

This information is provided under listing rule 4.2A.3 for the half-year ended 31 December 2012 and includes comparative information for the half-year ended 31 December 2011.

**Results for Announcement to the market**

	Half-year ended 31 December 2012 \$	Half-year ended 31 December 2011 \$	Amount change \$	% change
Revenue from ordinary activities	23,114,023	21,018,868	2,095,155	10
Profit (Loss) from continuing operations after tax attributed to members	440,470	(527,073)	967,543	184
Loss from discontinued activities after tax attributed to members	(52,230)	(1,296,018)	1,243,788	96
Profit (Loss) for the period attributed to members	388,141	(1,823,091)	2,211,232	121

No dividends have been paid, declared or recommended by the Company during the half-year ended 31 December 2012.

**Net tangible assets per security**

	As at 31 December 2012 cents	As at 30 June 2012 cents
Net tangible assets per ordinary share	0.98	0.96

**Controlled entities**

No controlled entities were acquired or disposed of during the period.

**Associates and joint venture entities**

No associates or joint venture entities were acquired or disposed of during the period.

**Review report**

This report is based on accounts which have been reviewed.

Refer to the half yearly financial report attached.



# **Quantum Energy Limited**

A.B.N. 19 003 677 245

**And its controlled entities**

**Half-Yearly Report  
31 December 2012**

## Interim Financial Report

### DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2012.

#### Directors

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

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

#### Review of Operations

The Environmental Services Division continued to be impacted by the lingering uncertainty concerning the level of government assistance provided to consumers in the renewable energy sector and the division has restructured to accommodate reduced sales activity. However there has been a recent improvement in sales activity and the Group expects the results for the Environmental Services Division to improve in the second half of the year.

The high end Medical Distribution Division had a strong first half with good sales. The Group expects the good sales activity to continue in the second half of the year.

The Investment Division results are primarily impacted by the sale of Renewable Energy Certificates (RECs) at market prices. These prices tend to fluctuate as demand changes and impact the results accordingly.

#### 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 2012 is set out on page 2.

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



Director Drew Townsend

Dated: 28 February 2013

**QUANTUM ENERGY LIMITED  
ACN 009 140 550**

**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 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

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



**A G Smith**  
Partner

**Sydney**  
**28 February 2013**

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

Interim Financial Report

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	<b>31/12/2012</b>	<b>31/12/2011</b>
	<b>\$000</b>	<b>\$000</b>
<b>Notes</b>		
Revenue from continuing operations	23,114	21,019
Cost of manufacture	(13,058)	(11,200)
Advertising and promotion expenses	(127)	(330)
Depreciation and amortisation expense	(214)	(280)
Employee benefits expense	(5,300)	(5,806)
Finance costs	(337)	(613)
Insurance	(122)	(129)
Motor vehicle expenses	(425)	(138)
Occupancy costs	(919)	(763)
Research and development expenses	(368)	(66)
Travel expenses	(510)	(594)
Telephones & Internet	(225)	(214)
Foreign Currency Transactions gains/(losses)	312	(338)
Profit (loss) on disposal of Renewable Energy Certificates	151	(58)
Fair value loss on financial assets (Renewable Energy Certificates)	(148)	(374)
Other expenses	(1,337)	(1,210)
<b>Profit (Loss) from Continuing Operations before income tax</b>	<b>487</b>	<b>(1,094)</b>
Income tax (expense) credit	(47)	567
<b>Net Profit (Loss) from Continuing Operations</b>	<b>440</b>	<b>(527)</b>
<b>Profit (Loss) from Discontinued Operations</b>	<b>3</b>	<b>(1,296)</b>
<b>Net Profit (Loss) after tax</b>	<b>387</b>	<b>(1,823)</b>
<b>Other Comprehensive income/(loss)</b>		
Translation of foreign subsidiaries	(212)	337
<b>Total comprehensive income/(loss) for the period</b>	<b>175</b>	<b>(1,486)</b>
<b>Earnings /(loss) per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the company</b>		
Basic earnings/ (loss) per share (cents)	0.04	(0.05)
Diluted earnings/ (loss) per share (cents)	0.04	(0.05)
<b>Earnings /(loss) per share for profit/(loss) attributable to the ordinary equity holders of the company</b>		
Basic earnings/ (loss) per share (cents)	0.04	(0.18)
Diluted earnings/ (loss) per share (cents)	0.04	(0.18)

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

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

Interim Financial Report

**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2012**

Consolidated			
	Note	31/12/2012 \$000	30/06/2012 \$000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		4,639	5,297
Trade and other receivables		2,997	5,925
Inventories		14,624	14,970
Financial assets		990	2,644
Other current assets		1,108	2,038
Assets classified as held for sale	3	-	26
<b>TOTAL CURRENT ASSETS</b>		<b>24,358</b>	<b>30,900</b>
<b>NON-CURRENT ASSETS</b>			
Financial Assets		2,191	-
Trade and other receivables		-	56
Property, plant and equipment		1,138	1,707
Deferred tax assets		7,635	7,655
Intangible assets	7	11,955	11,955
Investments accounted for using the equity method	8	475	218
Other		162	134
<b>TOTAL NON-CURRENT ASSETS</b>		<b>23,556</b>	<b>21,725</b>
<b>TOTAL ASSETS</b>		<b>47,914</b>	<b>52,625</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		10,720	15,051
Borrowings		3,141	2,887
Current tax liabilities		-	152
Short term provisions		1,550	1,890
Liabilities associated with assets held for sale	3	-	20
<b>TOTAL CURRENT LIABILITIES</b>		<b>15,411</b>	<b>20,000</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		2,716	2,982
Employee benefits		265	296
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,981</b>	<b>3,278</b>
<b>TOTAL LIABILITIES</b>		<b>18,392</b>	<b>23,278</b>
<b>NET ASSETS</b>		<b>29,522</b>	<b>29,347</b>
<b>EQUITY</b>			
Issued capital		83,789	83,789
Reserves		(266)	(54)
Retained earnings (accumulated losses)		(54,001)	(54,388)
<b>TOTAL EQUITY</b>		<b>29,522</b>	<b>29,347</b>

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

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

Interim Financial Report

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	Ordinary Share Capital	Option Reserve	Undistributable Profits Reserve	Exchange Translation Reserve	Retained Profits (Losses)	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
<b>Consolidated</b>						
Balance at 1 July 2011	83,789	152	504	(966)	(50,844)	32,635
Options Reserve adjustment	-	(152)	-	-	152	-
Total comprehensive income (loss) for the period	-	-	-	337	(1,823)	(1,486)
Balance at 31 December 2011	83,789	-	504	(629)	(52,515)	31,149
Balance at 1 July 2012	83,789	-	504	(558)	(54,388)	29,347
Options Reserve adjustment	-	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	-	(212)	387	175
Balance at 31 December 2012	83,789	-	504	(770)	(54,001)	29,522

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

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

**Interim Financial Report**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	<b>31/12/2012</b>	<b>31/12/2011</b>
	<b>\$000</b>	<b>\$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	24,429	27,418
Receipts from legal case settlement	56	90
Payments to suppliers and employees	(24,135)	(24,798)
Interest received	50	41
Finance costs	(458)	(540)
Income tax paid	(149)	(147)
Net cash provided by (used in) operating activities	(207)	2,064
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(32)	(119)
Proceeds from disposal of property, plant and equipment	401	-
Dividends received from unrelated entity	3	3
Payments for acquisition of investment in associate	(257)	(554)
Payments for financial assets	(1,182)	(4,769)
Proceeds from sale of financial assets	1,052	15,788
Net cash provided by (used in) investing activities	(15)	10,349
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	532
Loans (advanced)/repayments received	(338)	42
Repayment of borrowings	(585)	(12,321)
Net cash provided by (used in) financing activities	(923)	(11,747)
Net increase/(decrease) in cash held	(1,145)	666
Cash at beginning of period	3,433	121
Cash at end of period	2,288	787
<b>Cash balance made up of:</b>		
Cash at Bank	4,639	3,121
Overdraft	(2,351)	(2,334)
	2,288	787

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 2012**

**NOTE 1: BASIS OF PREPARATION**

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2012 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 2012 financial report.

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

*Reporting Basis and Conventions*

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

*New Accounting Standards*

Certain new accounting standards and interpretations have been published that are not mandatory for the half-year reporting period. The group's assessment of the impact of these new standards and interpretations is that they will result in no significant changes to the amounts recognised or matters disclosed in future half-year report.

**NOTE 2: DIVIDENDS**

No amounts have been paid, declared or recommended by the company by way of dividend since the commencement of the financial period (2011: Nil).

**NOTE 3: DISCONTINUED OPERATIONS**

	31/12/2012	31/12/2011
	\$ 000	\$ 000
<b>(a) Financial Performance Information</b>		
Financial Performance information in relation to Discontinued operation as described in (e) below		
Revenue	11	872
Expenses	(86)	(2,437)
Net Loss before Income Tax	(75)	(1,565)
Income Tax credit	(22)	(269)
Loss after income tax from Discontinued Operations	(53)	(1,296)
<b>(b) Cash Flow information</b>		
Cash flow information in relation to Discontinued operation as described in (e) below		
Net Cash (out) flow from Operating Activities	(16)	137
Net Cash (out) flow from Investing Activities	-	289
Net Cash (out) flow from Financing Activities	-	(1,151)

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 3: DISCONTINUED OPERATIONS (continued)

	31/12/2012	30/06/2012
	\$ 000	\$ 000
<b>(c) Assets classified as held for sale</b>		
Assets held for sale (discontinued operation – see (e) below)		
Trade Receivables	-	26
	<hr/>	<hr/>
	-	26
<b>(d) Liabilities directly associated with assets classified as held for resale</b>		
Liabilities held for sale (discontinued operation – see (e) below)		
Trade & Other Payables	-	20
	<hr/>	<hr/>
	-	20

**(e) Discontinued Operation**

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

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

**Interim Financial Report**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

**NOTE 4: SEGMENT INFORMATION**

	Environmental Services		Medical		Investments		Unallocated		Eliminations		Consolidated-	Continuing
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	Operations	31 Dec
	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	9,968	11,271	13,062	9,746	-	-	84	2	-	-	23,114	21,019
Profit/(Loss)	(469)	(154)	1,288	921	3	(702)	(382)	(520)	-	(72)	440	(527)

	31 Dec	30 June										
	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012
Segment assets	14,481	11,456	22,752	25,116	1,347	1,285	8,805	21,373	529	(6,631)	47,914	52,599
Segment liabilities	5,166	4,007	8,684	11,712	-	-	4,417	4,915	125	2,624	18,392	23,258

	Discontinued Operations		Consolidated	
	31 Dec	31 Dec	31 Dec	31 Dec
	2012	2011	2012	2011
	\$ 000	\$ 000	\$ 000	\$ 000
Total revenue	11	872	23,125	21,891
Profit/(Loss)	(53)	(1,296)	387	(1,823)

	31 Dec	30 Jun	31 Dec	30 Jun
	2012	2012	2012	2012
Segment assets	-	26	47,914	52,625
Segment liabilities	-	20	18,392	23,278

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

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

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

Interim Financial Report

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

**NOTE 5: CONTINGENT LIABILITIES**

The directors are not aware of any contingent liabilities.

**NOTE 6 EVENTS SUBSEQUENT TO REPORTING DATE**

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

**NOTE 7: IMPAIRMENT**

Goodwill has been tested for impairment at 31 December 2012 and the Directors believe no adjustment is required in relation to the carrying value of goodwill as at 31 December 2012.

**NOTE 8 Investment accounted for using the equity method**

**31/12/2012    30/06/2012**

Information in relation to Associate

(i) Name: Manly Warringah Sea Eagles Limited

(ii) Ownership interest: 37%                      37%

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

		Ownership interest	Assets	Liabilities	Revenue	Loss
		%	\$ 000	\$ 000	\$ 000	\$ 000
31/12/2012	Manly Warringah Sea Eagles Limited	37%	904	2,066	7,242	-
30/06/2012	Manly Warringah Sea Eagles Limited	37%	603	1,320	5,626	(527)

Share of contingent liabilities of associate is \$ Nil (30 June 2012 \$ Nil).

Interim Financial Report

**DIRECTORS' DECLARATION**

In the opinion of the directors,

1. The financial statements and notes, as set out on pages 3 to 10 are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
  - b. giving a true and fair view of the consolidated group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that Quantum Energy Limited will be able to pay its debts as and when they become due and payable.

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



Director: Drew Townsend  
Dated: 28 February 2013

**QUANTUM ENERGY LIMITED AND ITS CONTROLLED ENTITIES**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Quantum Energy Limited:

We have reviewed the accompanying half-year financial report of Quantum Energy Limited ("the company") which comprises the consolidated balance sheet as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity as set out on pages 3 to 11. The consolidated entity comprises 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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 directors or management.

**QUANTUM ENERGY LIMITED AND ITS CONTROLLED ENTITIES**  
**INDEPENDENT AUDITOR'S REVIEW REPORT (continued)**

**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*, which has been given to the directors of Quantum Energy Limited, would be in the same terms if given to the directors as at the time of this independent auditor's review report.

**Basis for Qualified Conclusion**

The consolidated entity has recognised deferred tax assets of \$7,634,998 in its balance sheet as at 31 December 2012, which are attributable to tax losses and deductible temporary differences. We were unable to obtain sufficient appropriate audit evidence that the consolidated entity will generate sufficient future taxable profits against which the tax losses and deductible temporary differences can be utilised, and therefore we were unable to obtain sufficient appropriate audit evidence of the recoverable amount of the deferred tax assets at 31 December 2012. Consequently, we were unable to determine whether any adjustments to the deferred tax assets were necessary.

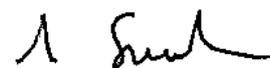
**Qualified Conclusion**

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 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*.

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

**HLB MANN JUDD**  
**Chartered Accountants**

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

**A G Smith**  
**Partner**

**Sydney**  
**28 February 2013**