



Quantum Energy Limited

**And its controlled entities**

**A.B.N. 19 003 677 245**

**APPENDIX 4E**

**PRELIMINARY FINAL REPORT**

**FINANCIAL YEAR ENDED 30 JUNE 2010**

## APPENDIX 4E

### Preliminary Final Report

**Quantum Energy Limited**  
A.B.N 13 003 677 245

### Financial Year ended 30 June 2010

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from ordinary activities decreased 24.58% to \$ 81,200,024 (2009: \$ 107,657,688)

Profit (loss) from ordinary activities after tax attributable to members decreased by 72.01% to \$ 8,468,869 (2009: \$ 30,260,857).

#### Review of Operations

The Directors of Quantum Energy Limited are pleased with the performance for the year ended 30 June 2010. Although the company suffered a decrease in profit, this arose because of changes in government incentives through legislative changes during the year.

Quantum however has focused on new sales and distribution channels to continue to support and grow its sales within Australia. Internationally, Quantum still continues to pursue opportunities in Asia and other areas. We anticipate new sales will facilitate a strong performance in the financial year 2011.

#### Financial position

The net assets of the consolidated group have increased by \$8,957,530 as at 30 June 2010. The Directors believe 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 during the financial year.

#### EPS

Earnings per share for the current financial year were 0.83 cents as compared with 2.97 cents in the previous corresponding period. At 30 June 2010, there were 4,000,000 outstanding options that were issued in the previous years, considered dilutive and have therefore been included in the total of the weighted average number of ordinary shares and potential ordinary shares of 1,020,173,819 used in the calculation of diluted earnings per share. As a result the diluted earnings per share in 2010 financial year was 0.83 cents per share (2009: 2.96 cents per share).

#### Dividends

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

#### Factors which are likely to affect results in the future

Quantum's medical division is a high end medical distribution business which provides sales, servicing and support for a range of diagnostic imaging equipment. As previously indicated the company has

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successfully negotiated an arrangement with Phillips Medical Systems that should consolidate the growth and future profitability of the business. Quantum expects the result from this business will improve considerably in financial year 2011 and is committed to developing this business.

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.

**NTA Backing**

Net tangible assets backing per ordinary security (per share) \$0.03 (2009: \$0.02).

**Control gained or lost over entities having a material effect**

The group has not gained or lost control over any entity over 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  
31<sup>st</sup> August 2010

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
30 JUNE 2010**

	Note	Consolidated Group	
		2010 \$000	2009 \$000
Revenue	1	81,200	107,658
Cost of manufacture		( 39,303)	( 52,167)
Employee benefits expense		( 11,517)	( 8,104)
Depreciation and amortisation expense		( 529)	( 232)
Advertising and promotion expenses		( 928)	( 428)
Finance costs	1	( 1,562)	( 1,630)
Legal fees		( 286)	( 183)
Profit on disposal of plant & equipment		( 17)	1
Impairment of receivables: - External		( 1,359)	14
Research and development expenditure		( 29)	( 33)
Travel expenses		( 1,236)	( 852)
Motor vehicle expenses		( 872)	( 752)
Warranty expenses		( 411)	( 1,564)
Telephones & internet		( 395)	( 365)
Consultants		( 609)	( 360)
Freight & delivery expenses		( 247)	( 955)
Occupancy (rent) expenses		( 2,121)	( 835)
Insurance		( 180)	( 298)
Profit (Loss) on disposal of Renewable Energy Certificates		( 487)	3,560
Fair value loss on financial assets		( 2,283)	-
Other expenses		( 3,781)	( 2,078)
<b>Profit before income tax</b>		<b>13,048</b>	<b>40,397</b>
Income tax expense (credit)		( 4,579)	( 10,136)
<b>Net profit attributable to members of the parent entity</b>		<b>8,469</b>	<b>30,261</b>
<b>Other comprehensive income</b>			
Translation of foreign subsidiaries		481	( 476)
<b>Total comprehensive income for the period</b>		<b>8,950</b>	<b>29,785</b>
<b>Earnings per share:</b>			
Basic earnings per share (cents per share)	2	0.83	2.97
Diluted earnings per share (cents per share)	2	0.83	2.96

**BALANCE SHEET AS AT 30 JUNE 2010**

	Note	Consolidated	
		2010	2009
		\$000	\$000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	689	1,408
Trade and other receivables		14,716	40,585
Inventories		22,544	24,394
Financial assets		26,844	73
Other current assets		1,528	6,079
<b>TOTAL CURRENT ASSETS</b>		<b>66,321</b>	<b>72,539</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		2,286	2,049
Deferred tax assets		2,501	2,722
Intangible assets		11,955	11,955
Other		519	153
<b>TOTAL NON-CURRENT ASSETS</b>		<b>17,261</b>	<b>16,879</b>
<b>TOTAL ASSETS</b>		<b>83,582</b>	<b>89,418</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		15,771	30,089
Borrowings		19,311	2,962
Current tax Liabilities		2,008	7,728
Short term provisions		1,535	1,561
<b>TOTAL CURRENT LIABILITIES</b>		<b>38,625</b>	<b>42,340</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability		-	99
Borrowings		1,184	12,236
Employee benefits		324	251
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,508</b>	<b>12,586</b>
<b>TOTAL LIABILITIES</b>		<b>40,133</b>	<b>54,926</b>
<b>NET ASSETS</b>		<b>43,449</b>	<b>34,492</b>
<b>EQUITY</b>			
Issued capital	4	83,789	83,789
Reserves		638	150
Retained earnings (accumulated losses)		( 40,978)	( 49,447)
<b>TOTAL EQUITY</b>		<b>43,449</b>	<b>34,492</b>

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

Note	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 2008	83,789	90	134	(14)	(79,338)	4,661
Transfer from retained earnings	-	-	370	-	(370)	-
Total comprehensive income for the year	-	-	-	(476)	30,261	29,785
Transactions with owners in their capacity as owners:						
Options issued to employees	-	46	-	-	-	46
Balance at 30 June 2009	83,789	136	504	(490)	(49,447)	34,492
Balance at 1 July 2009	83,789	136	504	(490)	(49,447)	34,492
Total comprehensive income for the year	-	-	-	481	8,469	8,950
Transactions with owners in their capacity as owners:						
Options issued to employees	-	7	-	-	-	7
Balance at 30 June 2010	83,789	143	504	(9)	(40,978)	43,449

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**CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2010**

	Note	Consolidated 2010 \$000	2009 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		108,992	78,216
Receipts from legal case settlement		1,033	-
Payments to suppliers and employees		( 71,798)	( 72,760)
Interest received		178	56
Finance costs		( 3,004)	( 980)
Income tax refunded / (paid)		( 10,178)	(506)
Net cash provided by (used in) operating activities		25,223	4,026
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		( 424)	( 681)
Proceeds of sale of property, plant and equipment		54	-
Dividends received from unrelated entity		8	-
Payments for financial assets		(66,427)	-
Proceeds from sale of financial assets		36,043	-
Net cash provided by (used in) investing activities		(30,746)	(681)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		15,310	300
Repayments of borrowings		( 10,506)	( 3,008)
Payment of pre-acquisition creditors		-	-
Net cash provided by (used in) financing activities		4,804	( 2,708)
Net (decrease) increase in cash held		( 719)	637
Cash at beginning of financial year		1,408	771
Cash at end of financial year	3	689	1,408

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NOTE 1: REVENUE AND OTHER INCOME

	<b>Consolidated Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>		
Sale of goods	73,907	102,633
Services revenue	5,040	4,682
	78,947	107,315
<b>Other Income</b>		
Revenue from legal case settlement	1,595	-
Interest receivable- other entities	23	48
Interest receivable – related parties	156	-
Dividend from unrelated parties	8	-
Other revenue	471	295
	2,253	343
Total Revenue	81,200	107,658
<b>PROFIT (LOSS) FOR THE YEAR</b>		
<b>Expenses</b>		
Finance costs		
- External	1,347	1,094
- Related parties	215	536
Total finance costs	1,562	1,630
Foreign currency losses (gains)	357	(1,011)

NOTE 2: EARNINGS PER SHARE

	<b>Consolidated Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>Cents per Share</b>	<b>Cents per Share</b>
Basic earnings per share	0.83	2.97
Diluted earnings per share	0.83	2.96
<b>(a) Reconciliation of earnings to profit or loss</b>		
	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
Net profit/(loss)	8,469	30,261
Earnings used to calculate basic EPS	8,469	30,261
Earnings used to calculate diluted EPS	8,469	30,261
	<b>No.</b>	<b>No.</b>
(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	1,020,173,819	1,022,308,291

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NOTE 3: CASH AND CASH EQUIVALENTS

	<b>Consolidated Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>
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	689	1,408
	<u>689</u>	<u>1,408</u>

NOTE 4: ISSUED CAPITAL

	<b>Consolidated Group</b>			
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>	<b>\$000</b>	<b>\$000</b>
Fully paid ordinary shares	1,018,308,291	1,018,308,291	83,789	83,789
<b>Movements:</b>				
At the beginning of the year	1,018,308,291	1,018,308,291	83,789	83,789
At the end of the year	<u>1,018,308,291</u>	<u>1,018,308,291</u>	<u>83,789</u>	<u>83,789</u>

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NOTE 6: SEGMENT REPORTING

	Heat Pump Technologies		Medical		Unallocated		Elimination		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total revenue	58,252	91,047	22,948	16,611	-	-	-	-	81,200	107,658
Profit/(Loss) from ordinary activities	7,388	30,729	2,527	1,937	262	13,337	(1,708)	(15,742)	8,469	30,261
Segment assets	60,357	70,630	30,490	22,832	24,608	34,195	(31,873)	(38,239)	83,582	89,418
Segment liabilities	(34,364)	(50,794)	(16,391)	(13,755)	(9,329)	(16,694)	19,951	26,317	(40,133)	(54,926)
Depreciation	486	195	43	37	-	-	-	-	529	232
Acquisition of Property, Plant & Equipment	887	1,512	29	78	-	-	-	-	916	1,590
Impairment profit/(loss) recognised in profit & loss	(1,357)	(2)	(2)	16	-	-	-	-	(1,359)	14
Fair value profit/(loss) on financial assets	(2,283)	-	-	-	-	-	-	-	(2,283)	-

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