28 February 2013

Companies Announcements Office
Australian Securities Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Please find attached the Company's results for the six months ended 31 December 2012, for immediate release to the market.

Included in this announcement are ASX Appendix 4D and the Condensed Interim Financial Statements for the half year to 31 December 2012 as required by ASX listing rule 4.2A. This information should be read in conjunction with the annual financial statements for the year ended 30 June 2012.

Yours Faithfully

Jaime Pinto
Company Secretary

Att.

QUICKSTEP HOLDINGS LTD
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QUICKSTEP HOLDINGS LTD

Appendix 4D

Half Year Report Period Ended 31 December 2012

Results for announcement to the Market

The loss after tax of the consolidated entity for the half-year was $7,375,879, compared to a loss of $4,936,785 for the comparative period in 2011.

	Percentage Change		$'000
Revenue from ordinary activities	467% up	to	$1,777
Loss from ordinary activities after tax attributable to members	49% up	to	($7,376)
Net Loss for the period attributable to members	50% up	to	($7,383)

Business activity in the period centered on the establishment of new production facilities in Bankstown, the development and qualification process for JSF and C130 production and the continued investment in the technology for automotive and aerospace application.

For more details around these activities please refer to the Directors Report which forms part of the Half Year Report also released today.

Dividends	Amount per security	Percentage Franked
Current period:		
Interim Dividend	Nil	N/A
Date the Dividend is Payable:		N/A
Record Date for determining entitlements to the Dividend:		N/A
Prior corresponding period:		
Interim Dividend	Nil	N/A

Net Tangible Assets per Security	
As at 31 December 2012	$0.029
As at 31 December 2011	$0.071

QUICKSTEP HOLDINGS LIMITED

ACN: 096 268 156

CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months ended 31st December 2012

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These condensed interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly these statements are to be read in conjunction with the annual statements for the year ended 30 June 2012 and any public announcements made by Quickstep Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

The Directors present their report together with the condensed interim financial statements of the Group, being Quickstep Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group" or "Quickstep"), for the six months ended 31 December 2012, and the auditor's report thereon.

1. Directors

The Directors of the Company at any time during or since the end of the interim period are:

Mr Tony Quick	Chairman (appointed 14 February 2013)
Mr Bruce Griffiths	Non-Executive Director (appointed 14 February 2013)
Mr Mark Jenkins	Non-Executive Director (resigned as Chairman 14 February 2013)
Mr Philippe Odouard	Managing Director
Mr Dale Brosius	Executive Director (resigned 14 February 2013)
Mr Peter Cook	Non-Executive Director
Mr Deryck Graham Jnr	Non-Executive Director (resigned 14 February 2013)
Mr Errol McCormack AO	Non-Executive Director
Mr David Singleton	Non-Executive Director
Mr David Wills	Non-Executive Director

2. Results

The Group incurred a loss after tax of $7,375,879 for the six months ended 31 December 2012 (2011: loss of $4,936,785).

3. Operating Review

CONTRACT MANUFACTURING

1.1 COMMISSIONING OF NEW MANUFACTURING FACILITY

During the six months, Quickstep commissioned the new manufacturing facility at Bankstown Airport in Sydney, thus completing the final TollGate review for manufacturing readiness set by global aerospace company Northrop Grumman. This new facility facilitates the continuity of aerospace contract work for the F-35 Lightning II Joint Strike Fighter (JSF) military aircraft program after the closure of the North Coogee operations.

This new facility is one of the most advanced aerospace carbon fibre component manufacturing plants in the world today, and one of the largest of its type in Australia. The facility will enable the company to transition into a substantial manufacturing business and ultimately become an integral part of the global supply chain for advanced carbon composite materials.

The Bankstown facility comprises a 4,000 square metre production operation incorporating $15 million worth of the latest carbon composite manufacturing equipment. Initial production will supply components ordered under purchase orders previously announced from Northrop Grumman Corporation and Lockheed Martin both of whom are based in the United States of America.

The North Coogee facility has now ceased production and all manufacturing work has been transferred to Bankstown. The North Coogee facility is being retained in the short term whilst equipment is sold or transferred to third parties.

Initial production will supply components servicing purchase orders with aerospace leaders Northrop Grumman Corporation and Lockheed Martin.

1.2 PROGRESS TOWARDS JSF PART 3 COMPONENTS AGREEMENT

Quickstep has a Memorandum of Understanding (MOU) in place to supply the international JSF program with carbon fibre composite components. This serves as the foundation for long term cash flow generation, which is expected to deliver up to $700 million in revenue over the next two decades. As the world's largest and most complex military program, the JSF contract provides a strong endorsement of Quickstep's capabilities, and enhances the company's reputation in carbon composite manufacturing and therefore its ability to win further international business.

Subsequent to signing, the MOU, Quickstep has executed two Long Term agreements (LTAs) to supply Group 1 and Group 2 parts for the JSF program over the next decade, and has already commenced supply of Group 1 parts. During the six months ended 31 December 2012, Quickstep has completed the final tollgate review for manufacturing readiness, enabling the company to receive its first purchase order for 'Group 3' parts to be delivered in 2013/14. This purchase order, which comprises the most complex parts ordered to date, will be incorporated into the second LTA in due time. Quickstep is now under contract for all groups of parts required for the JSF program for Northrop Grumman.

1.2 PROGRESS TOWARDS JSF PART 3 COMPONENTS AGREEMENT (Cont'd)

Quickstep has started to deliver parts to the JSF program in increasing quantities. From the delivery of the first flying part in April 2012, Quickstep has delivered $1.8 million of sales for aerospace activity in the first half of 2012/13 and has continued to deliver on time and to the required specification and quality.

1.3 LOCKHEED MARTIN C-130J CONTRACT

Preliminary work is continuing on Quickstep's contract to supply composite wing flaps for the C-130J transport aircraft. This component of the contract is valued between $1.4- $1.6 million and will be completed during 2013. The preliminary work includes planning, production tooling and training activities. The initial purchase order to supply 24 flaps in twelve months beginning from the fourth quarter of 2013, is valued at US$12 million. The entire program is anticipated to generate up to US$100 million over the next five years.

1.4 TENDERS

The company is continuing to submit a number of tenders to aerospace companies regarding potential new contracts for carbon fibre components.

TECHNOLOGY DEVELOPMENT

2.1 Progress on RST

Progress continues on the company's patented Resin Spray Transfer (RST) technology. Quickstep's RST provides the potential for a fully automated serial production process, capable of efficiently and inexpensively mass-producing composite parts with a superior surface finish 'straight out of the mould', ideally suited for the automotive industryQuickstep has now demonstrated that the technology can deliver consistent and repetitive high quality finishes on complex shaped parts, further increasing confidence in reliability and de-risking the technology.

In parallel to the RST process development, the automated production cell to support volume manufacturing has now been commissioned in Germany and transferred to Bankstown where it is currently being installed. This cell will enable production of industrial parts to further develop the technology, as well as supplying demonstration parts to the automotive industry.

Quickstep has prepared demonstration parts for customers and anticipates commencement of an active sales program to the automobile industry in the near term.

CORPORATE

3.0 CASH POSITION

At the end of the Quarter, the consolidated Group cash balance was $1.6 million, which includes $390,400 held in investments to be held to maturity.

Subsequent to balance date, Quickstep has received the following:

- An advance payment of $5.9m from a customer in January 2013.
- A payment from the Australian Taxation Office which totalled $3.5 million applied for under the R & D tax incentive system., $2.8 million of this money was used to retire factoring debt.

3.1 NEW APPOINTMENTS

On 14 February 2013, Quickstep appointed Mr Tony Quick as Chairman, who succeeds Mr Mark Jenkins as Chairman. Mr Jenkins will remain on the Board as Non-Executive Director. Mr Quick joins Quickstep after a successful career in the aerospace and defence industries. In 2001, Mr Quick joined GKN, where he made a significant contribution toward the establishment of GKN Aerospace Engineering Services.

Quickstep has also appointed Mr Bruce Griffiths as a Non-Executive Director. Mr Griffiths has been involved in Australian manufacturing for more than 40 years and brings substantial global automotive and rail experience which will assist Quickstep to commercialise its technologies. Mr Griffiths was previously Chairman and Managing Director of Futuris Automotive, an Australian company which is a leader in automotive innovation.

The Board appointed Sydney-based Mr Jaime Pinto as Company Secretary following the resignation of Mr Phillip Macleod. Mr Pinto has over 20 years experience in both professional practice and in senior commercial roles across a broad range of industries and as a Company Secretary to both listed and private companies.

3.1 NEW APPOINTMENTS (Cont'd)

The company has appointed Mr Paul Robertson as Vice President Finance, taking over from Mr John Johnson, who has become Vice President – Commercial and Administration.

On 14 February 2013 , Mr Dale Brosius resigned as Executive Director but remains with Quickstep in the capacity of President of Quickstep Composites LLC. Also on 14 February 2013, Mr Deryk Graham Jnr resigned as Non-executive Director. The Board extends its thanks to Mr Brosius and Mr Graham for their service to the company over many years.

3.1 ANNUAL GENERAL MEETING

The company held its Annual General Meeting on 22nd November 2012, its first in Sydney. All six resolutions were passed by shareholders.

CURRENT FOCUS AND OUTLOOK

With the Bankstown facility now commissioned, Quickstep is focussed on ramping up production and delivering on its contracts. Quickstep's near-term goals are:

1. Contract manufacturing
   - Ramping up the production in Bankstown towards becoming cash flow positive
   - Pursuing additional manufacturing contracts in the aerospace and defence sectors

2. Technology development
   - Progressing R&D work to incorporate the Quickstep Process within JSF manufacturing
   - Continuing to develop RST technology and its application to volume manufacturing
   - Progressing commercialisation of the RST technology for automotive manufacture where high quality surface finish combined with low weight at reasonable cost is seen by Quickstep as a key breakthrough technology.

4 Lead Auditor's Independence Declaration

The lead auditor's independence declaration as required under Section 307C of the *Corporations Act 2001*, which forms part of this Directors' Report for the six months ended 31 December 2012, is set out on page 17.

Dated at Sydney, New South Wales this 28th day of February 2013.

Signed in accordance with a resolution of the Directors:

P M Odouard

Managing Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 December 2012

	Note	31 December 2012 $	31 December 2011 $
Revenue		1,776,923	313,561
Cost of sales		(1,025,759)	(223,302)
Gross profit		751,164	90,259
Other income		1,791,617	612,724
Administration and corporate expenses		(2,990,971)	(2,575,912)
Marketing expenses		(32,199)	(481,265)
Operational expenses		(4,372,938)	(3,161,220)
Research and development expenses		(1,854,954)	(1,507,289)
Other expenses		(71,671)	(26,031)
Loss from operating activities		(6,779,952)	(7,048,734)
Financial income		53,413	1,956,322
Financial expense		(649,340)	(102,587)
Net financing income/(expense)		(595,927)	1,853,735
Loss before income tax		(7,375,879)	(5,194,999)
Income tax benefit/(expense)		-	258,214
Loss for the period		(7,375,879)	(4,936,785)
Other comprehensive income , net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		-	71,065
Foreign currency translation difference for foreign operations		(7,594)	(52,825)
Other comprehensive income for the period, net of income tax		(7,594)	18,240
Total comprehensive loss for the period		(7,383,473)	(4,918,545)
Earnings per share			
Basic loss (cents/share) for Quickstep Holdings Ltd		(2.28)	(1.82)
Diluted loss (cents/share) for Quickstep Holdings Ltd		(2.28)	(1.82)

The consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2012

	Note	31 December 2012 $	30 June 2012 $
CURRENT ASSETS			
Cash and cash equivalents	8	1,186,791	3,000,672
Trade and other receivables	9	5,799,417	4,915,978
Inventories		788,314	418,591
Other financial assets	8	390,400	690,400
Other assets		228,752	326,301
Assets held for sale	10	3,113,857	-
TOTAL CURRENT ASSETS		11,507,531	9,351,942
NON-CURRENT ASSETS			
Property, plant and equipment	11	14,295,751	16,491,346
Intangible assets		109,077	230,776
TOTAL NON-CURRENT ASSETS		14,404,828	16,722,122
TOTAL ASSETS		25,912,359	26,074,064
CURRENT LIABILITIES			
Trade and other payables		2,341,916	3,352,297
Loans and borrowings	12	3,637,858	10,700
Employee benefits		367,254	292,961
TOTAL CURRENT LIABILITIES		6,347,028	3,655,958
NON-CURRENT LIABILITIES			
Trade and other payables		714,704	561,365
Loans and borrowings	12	9,433,848	5,241,938
TOTAL NON-CURRENT LIABILITIES		10,148,552	5,803,303
TOTAL LIABILITIES		16,495,580	9,459,261
NET ASSETS		9,416,779	16,614,803
EQUITY			
Share capital	13	74,754,828	74,754,828
Other reserves		2,500,554	2,322,699
Accumulated losses		(67,838,603)	(60,462,724)
TOTAL EQUITY		9,416,779	16,614,803

The consolidated statement of financial position is to be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 December 2011

	Note	Share capital	Translation reserve	Hedging Reserve	Share based payments reserve	Accumulated losses	Total equity
		$	$	$	$	$	$
Balance as at 1 July 2011		66,854,895	(220,656)	(71,065)	2,027,637	(48,661,123)	19,929,688
Total comprehensive income for the period							
Loss for the period		-	-	-	-	(4,936,785)	(4,936,785)
Other comprehensive income							
Effective portion of change in fair value of cash flow hedges		-	-	71,065	-	-	71,065
Foreign currency translation difference		-	(52,825)	-	-	-	(52,825)
Total comprehensive income for the period		-	(52,825)	71,065	-	(4,936,785)	(4,918,545)
Transactions with owners, recorded directly in equity							
Issue of ordinary share	13	7,520,000	-	-	-	-	7,520,000
Share raising costs		(437,670)	-	-	-	-	(437,670)
Shares issue on conversion of notes		937,488	-	-	-	-	937,488
Share based payments		-	-	-	209,558	-	209,558
Total transactions with owners		8,019,818	**-**	-	209,558	-	8,229,376
Balance at 31 December 2011		**74,874,713**	**(273,481)**	**-**	**2,237,195**	**(53,597,908)**	**23,240,519**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE SIX MONTHS ENDED 31 December 2012

	Note	Share capital	Translation reserve	Hedging Reserve	Share based payments reserve	Accumulated losses	Total equity
		$	$	$	$	$	$
Balance as at 1 July 2012		74,754,828	(291,257)	-	2,613,956	(60,462,724)	16,614,803
Total comprehensive income for the period							
Loss for the period		-	-	-	-	(7,375,879)	(7,375,879)
Other comprehensive income							
Effective portion of change in fair value of cash flow hedges		-	-	-	-	-	-
Foreign currency translation difference		-	(7,594)	-	-	-	(7,594)
Total comprehensive income for the period		-	(7,594)	-	-	(7,375,879)	(7,375,879)
Transactions with owners, recorded directly in equity							
Share based payments	14	-	-	-	185,449	-	185,449
Total transactions with owners		-	-	-	185,449	-	185,449
Balance at 31 December 2012		**74,754,828**	**(298,851)**	**-**	**2,799,405**	**(67,838,603)**	**9,416,779**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 December 2012

	Note	31 December 2012 $	31 December 2011 $
Cash flows from operating activities			
Cash receipts in the course of operations		1,171,548	274,961
Interest received		55,273	282,652
Interest and other finance cost paid		(35,544)	(52,855)
Research and development tax offset rebate and government grants		718,810	424,514
Cash paid to suppliers and employees		(8,201,297)	(8,558,894)
Net cash (used in) operating activities		(6,291,210)	(7,629,622)
Cash flows from investing activities			
Acquisition of plant and equipment	11	(3,057,516)	(6,125,470)
Acquisition of intangibles		-	-
Proceeds from term deposits		300,000	-
Net cash from/(used in) investing activities		(2,757,516)	(6,125,470)
Cash flows from financing activities			
Proceeds from issues of shares		-	7,520,000
Repayment of convertible note		-	(604,017)
Proceeds from convertible loans		-	468,456
Drawdown of borrowings		7,449,313	3,442,198
Prepaid borrowing cost		(191,579)	(871,400)
Finance lease payments		(21,265)	(9,495)
Net cash from/(used in) financing activities		7,236,469	9,945,742
Net (decrease) in cash and cash equivalents		(1,812,257)	(3,809,350)
Effects of exchange rate changes on cash held in foreign currencies		(1,624)	18,240
Cash and cash equivalents at 1 July		3,000,672	13,406,217
Cash and cash equivalents at 31 December	8	**1,186,791**	**9,615,107**

The condensed consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 December 2012

1. Reporting entity

Quickstep Holdings Limited ("the Company") is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the "Group" or "Quickstep"). The Group is primarily involved in the manufacture of composite components for the aerospace industry, and continuing research and development in composite manufacturing processes.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2012 are available upon request from the Company's registered office at Level 2, 160 Pitt Street, Sydney, New South Wales, or may be viewed on the Company's website, www.quickstep.com.au.

2. Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.* The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2012.

The condensed consolidated interim financial statements were approved by the Board of Directors on 28 February 2013.

3. Significant accounting policies

The accounting policies and method of computation applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2012.

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2012.

5. Financial risk management

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 30 June 2012.

6. Financial position

The Group has incurred a loss after tax for the six months to 31 December 2012 of $7,375,879 (2011: loss $4,936,785). The Group has a surplus of current assets compared to current liabilities at 31 December 2012 of $5,160,503 (30 June 2012: surplus $5,695,984).

Since 30 June 2012, the Group has continued to;

- pursue its objectives of securing further Long Term Agreements (LTA) for the supply of Joint Strike Fighter (JSF) parts;
- completed the production capabilities in Bankstown in readiness for the commencement of production from this facility;
- develop a process capability to ready itself for advanced aerospace manufacturing activities;
- pursue other aerospace manufacturing opportunities; and
- develop its program of research into composite curing technologies in the automotive and aerospace industries.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 December 2012 (cont'd)

These activities have been the principal contributors to the reduction in cash reserves since 30 June 2012.

Consistent with these objectives the Group has:

- invested $3.1 million in capital equipment to develop aerospace manufacturing capability;
- invested $1.8 million in research and development activity particularly relating to the automotive and aerospace industries;
- Utilised cash resources of $6.3m for operational capability development, a majority of which has been to develop process capability for advanced aerospace manufacturing activities.

Since balance date the company has received its first prepayment of $5.8 million in relation to the supply of parts for the C130J contract with Lockheed Martin. In addition, the company has received its first tax incentive cash back of $3.5 million from the Australian Taxation Office. These receipts have brought cash reserves to a total of $6.1million as at 8 February 2013 after loan repayments of $2.8 million.

In addition to these cash reserves, management is currently reviewing significant offers to sell high value equipment which is surplus to its current needs.

These activities, in the opinion of Directors warrant the ongoing commitments of the Group's financial resources to enable future profitable operations. Such operations are expected to enable recovery of the Group's investment in property, plant and equipment and intangible assets.

7. Operating segments

Information about reportable segments for the six months ended 31 December 2012

	Manufacturing		Quickstep Process		Research and Development		Total	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Sales	1,500,247	48,735	-	-	276,675	264,826	1,776,922	313,561
Other Income	-	-	-	-	1,791,617	612,724	1,791,617	612,724
Reportable segment loss before income tax	(3,744,412)	(3,621,700)	(253,104)	(185,464)	(609,872)	(606,515)	(4,607,388)	(4,413,679)
	31/12/2012	30/6/2012	31/12/2012	30/6/2012	31/12/2012	30/6/2012	31/12/2012	30/6/2012
Reportable segment assets	18,119,783	17,135,012	-	-	6,014,621	5,101,709	24,134,404	22,236,721

The Group has three operating segments, as described below. These operating segments are managed separately because they address Quickstep's three separate strategies to grow the business and are reported to the CEO on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- **Manufacturing** - manufacturing utilising existing and internally developed processes and solutions based on traditional manufacturing technologies such as autoclaves and 'next generation' technologies such as the patented "Quickstep Process".
- **Quickstep Process -** Licensing our "Quickstep Process" technology to Original Equipment Manufacturers (OEM's) and their suppliers, and providing them with Quickstep machines and support services.
- **Research and Development -** Conducting research and development on Quickstep Process and associated technologies where possible on a paid basis on behalf of customers to validate its suitability for their needs and/or develop the technology to meet their specific requirements.

There is integration between the segments in the form of use of the Manufacturing segment assets for Research and Development purposes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 December 2012 (cont'd)

7. Operating segments (cont'd)

	31 December 2012 $	31 December 2011 $
Reconciliation of reportable segment loss		
Total loss for reportable segment	(4,607,388)	(4,413,679)
Unallocated amounts: other corporate expenses (excluding net financing income)	(2,172,564)	(2,376,841)
Net financing income	(595,927)	1,853,735
Unallocated amounts: other corporate expenses (including net financing income)	(2,768,491)	(523,106)
Consolidated loss before income tax	(7,375,879)	(4,936,785)

	31 December 2012 $	30 June 2012 $
Reconciliation of reportable segment assets		
Total assets for reportable segments	24,134,404	22,236,721
Unallocated amounts: other corporate assets	1,777,955	3,837,343
Consolidated total assets	25,912,359	26,074,064

8. Cash and other financial assets

	31 December 2012 $	30 June 2012 $
Cash and cash equivalents	1,186,791	1,000,672
Term deposits	-	2,000,000
Total cash and term deposits	1,186,791	3,000,672
Held to maturity investments	390,400	690,400
Total cash and other financial assets	1,577,191	3,691,072

9. Trade and other receivables

	31 December 2012 $	30 June 2012 $
Trade Receivables	941,214	497,800
R&D Tax Incentive Receivable	4,798,334	3,267,458
Climate Ready Grant Receivable	-	606,450
Other Receivables	59,869	544,270
Total cash and other financial assets	5,799,417	4,915,978

10. Assets held for sale

Management is finalising the negotiation of the sale of surplus plant and equipment. This sale is expected within 12 months.

11. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2012 the Group acquired assets principally relating to the Group's Bankstown facility with a cost of $2,825,413 (six months ended 31 December 2011: $5,049,151)

Capital commitments

At 31 December the Group's capital commitments are $4,500 (30 June 2012: $799,935).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 December 2012 (cont'd)

12. Loans and Borrowings

Export Finance Facility Agreement

On 1 November 2011 Quickstep Technologies Pty Ltd, a subsidiary company of the Group executed an Export Finance Facility Agreement with Australian and New Zealand Banking Group Limited (ANZ) (Financier) and Export Finance and Insurance Corporation (EFIC)(Guarantor) to fund capital expenditure. The Agreement provides for a loan facility of up to $10,000,000 plus capitalised interest of up to $3,333,333.

Interest is to be capitalised for the first four years of the facility after which it is payable half yearly in arrears. Loan repayments commence in the fifth year of the facility, with the final repayment due in year 10.

The interest rate on the facility comprises a variable base rate, a fixed margin payable to the Financier and a fixed guarantee fee payable to the Guarantor. Unused limit fees are payable to both parties on the undrawn principle balance. The subsidiary company has purchased an interest rate cap which limits the maximum rate applicable to the base rate for the duration of the capitalisation period. This cap ensures that the interest accruing on the facility remains within the capitalised interest limit. The cost of the cap ($680,400) is recognised in the profit and loss through the effective interest rate method.

EFIC has agreed to guarantee certain of the subsidiary's obligations under the facility. The subsidiary has provided EFIC with a fixed and floating charge over its assets and undertakings.

At 31 December 2012 the facility is fully drawn to the total loan facility of $10,000,000. The face value as at 31st December 2012 is $10,358,468 which includes a capitalised interest component of $358,468.

Short-term Facility Agreement

On 29 October 2012 Quickstep Holdings Ltd, executed a Facility Agreement which provides for a loan facility of up to $4,450,000 and is secured against the Australian Taxation Office R&D Tax Offset receivable and certain assets of the Australian group.

The Interest Rate of the facility comprises of a rate being equal to the greater of:

- The aggregate of:
    - BBR on the first day of the Interest Period; and
    - 9% per annum; or
- 12.50% per annum

A commitment fee is also payable on the undrawn balance of the facility at a flat rate of 5% per annum. As at 31 December 2012 the undrawn facility balance is $780,639.

Both the Interest and Commitment fees are payable monthly in arrears.

As at 31 December 2012 the drawn down balance of the Facility was $3,669,361.

Subsequent to the period end, $2.8m has been repaid.

Short Term Loans and Borrowings

	31 December 2012 $	30 June 2012 $
Short Term Facility	3,669,361	-
Finance lease liability	7,445	10,700
Unamortised borrowing costs	(38,948)	-
	3,637,858	10,700

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 December 2012 (cont'd)

12. Loans and Borrowings (cont'd)

Long Term Loans and Borrowings

	31 December 2012 $	30 June 2012 $
EFIC Finance Facility	10,358,468	6,237,873
Unamortised borrowing costs	(924,620)	(995,935)
	9,433,848	5,241,938
Total current and non-current loans and borrowings	13,071,706	5,252,638

13. Share capital

Issuances

During the six months to 31 December 2012,

- 769,131 shares were issued to senior managers upon exercise of rights which had vested as a result of loyalty bonuses based on years of service and included in existing executive service agreements. The shares were issued at $nil consideration. The market value of the rights exercised was $129,214; and
- 327,285 shares were issued to senior management as compensation for long term bonuses relating to the 2011/12 year performance in accordance with executive service agreements. The market value of the rights issued was $54,984.

During the six months to 31 December 2011,

- 4,689,810 shares were issued as a result of conversions notices received from the holder of convertible notes. The face value of notes converted was $750,000 and the market value of the shares issued was $937,488;
- 680,235 shares were issued to senior managers upon exercise of rights which had vested as a result of loyalty bonuses based on years of service and included in existing executive service agreements. The shares were issued at $nil consideration. The market value of the rights exercised was $121,703;
- 339,823 shares were issued to senior management as compensation for long term bonuses relating to the 2010/11 year performance in accordance with executive service agreements. The market value of the rights issued was $62,867; and
- 47,000,000 shares were issued to existing shareholders and underwriters under the terms of the non renounceable rights issue which closed on 23 December 2011. The issue raised $7,520,000 at an issue price of $0.16. Cost incurred in raising these funds amounted to $437,670.

14. Share based payments

Employee Incentive Plan (equity-settled)

The Company has previously established the Quickstep Employee Incentive Plan (EIP). Under the EIP, the Board may grant options to selected Quickstep employees on such terms as it determines appropriate. Participation in the EIP is open to all employees of the Group, with the Board determining those employees eligible to participate in each grant under the EIP. Further details of the terms and conditions of the EIP are disclosed in the consolidated financial statements as at and for the year ended 30 June 2012.

During the six months ended 31 December 2012, 987,739 options were granted under the Quickstep EIP. The options are subject to a performance condition based on achieving pre-set accumulated absolute Total Shareholder Return (TSR) targets over the applicable performance period.

14. Share based payments (cont'd)

Loyalty bonus (Equity-settled)

During the six months ended 31 December 2012, 255,363 new rights were granted to an employee. These rights were exercised during the period and are included in the number of rights exercised disclosed below.

During the six months ended 31 December 2012, 769,131 rights were exercised at $nil consideration. The market value of the rights exercised was $129,214.

Incentive Bonuses

During the six months to 31 December 2012, 327,285 shares were issued to senior management as compensation for bonuses as part of executive service agreements relating to the 2011/12 year. The market value of the shares issued was $54,984.

DIRECTORS' DECLARATION
FOR THE SIX MONTHS ENDED 31 December 2012

In the opinion of the directors of Quickstep Holdings Limited:

1. (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the six months ended on that date; and

   (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; 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.

Dated at Sydney, New South Wales on this 28th day of February 2013.

Signed in accordance with a resolution of the Directors:

P M Odouard
Director

Independent auditor's review report to the members of Quickstep Holdings Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Quickstep Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2012, 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, notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the interim 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 interim 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 interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2012 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Quickstep Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Quickstep Holdings Limited is not in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the interim period ended on that date; and

b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

KPMG

KPMG

Cameron Slapp
Partner

Sydney

28 February 2013

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Quickstep Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2012 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Cameron Slapp
Partner

Sydney

28 February 2013