

Quarterly Report

to 30 September 2013

HIGHLIGHTS

CONTRACT MANUFACTURING

New US\$2.6 million purchase orders

- New purchase orders received worth US\$2.6 million
- Orders cover non-recurring work in support of aerospace contracts

Quickstep delivers its 100th carbon-fibre composite part for the Joint Strike Fighter program

- Quickstep's 100th part made for the Joint Strike Fighter (JSF) program delivered in July 2013
- JSF delivery program ramping up in line with plan

Lockheed Martin C-130J contract production readiness tests completed

- Quickstep completes qualification tests to begin production of C-130J composite wing flaps
- Awarded 'Qualified Producer Status' in July 2013
- Deliveries to begin during FY2014 as planned

TECHNOLOGY DEVELOPMENT

First Quickstep Process sale to ORPE Technologiya

- EUR4.2 million commercial contract with leading satellite launch company
- First sale of Quickstep Process to manufacture large-scale carbon-fibre components

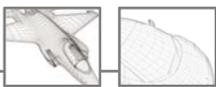
Resin Spray Transfer technology passes tough environmental test from luxury car-maker

- Quickstep's resin spray transfer (RST) technology passes European car marque's extreme environmental climate tests
- Meets 'spectacular finish' test, an industry-first for carbon fibre composites
- Demonstration parts well-received by automotive industry

CORPORATE

Capital raised \$12.7 million

- Net proceeds \$12.7 million from recent capital raisings completed on 27 September 2013, including \$7.2 million before costs from the share purchase plan



1.0 CONTRACT MANUFACTURING

1.1 QUICKSTEP RECEIVES US\$2.6 MILLION PURCHASE ORDERS

Quickstep has received additional purchase orders worth US\$2.6 million for non-recurring work related to existing aerospace agreements. The orders cover start up activities in support of Quickstep's aerospace contracts, with the majority to be completed during 2013. Work will be undertaken at the company's Bankstown Airport plant.

1.2 QUICKSTEP DELIVERS 100TH PART FOR JOINT STRIKE FIGHTER PROGRAM

In July 2013 Quickstep delivered its 100th manufactured carbon-fibre composite part for its Joint Strike Fighter (JSF) contract with global aerospace company Northrop Grumman Corporation. JSF delivery program is ramping up in line with plan.

Quickstep will manufacture 21 different parts for the JSF program at its Bankstown Airport facility. The overall agreement to supply JSF parts to several different Original Equipment Manufacturers is valued at up to \$700 million to the company over two decades. At peak production rates, the company is expected to generate JSF revenue of approximately \$40 million per annum.

1.3 QUICKSTEP COMPLETES PRODUCTION READINESS TESTS FOR THE LOCKHEED MARTIN C-130J CONTRACT

Quickstep has completed all qualification tasks required by Lockheed Martin's materials and process technical engineering testing program, confirming its readiness to manufacture high quality composite parts for the Lockheed Martin C-130J 'Hercules' aircraft. The company was awarded 'Qualified Producer Status' in July 2013, paving the way for the first delivery of parts.

The qualification test results include the successful fabrication of destructive test articles using Lockheed Martin's approved production processes.

1.4 TENDERS

Quickstep is continuing to submit a number of commercial-in-confidence tenders to aerospace and defence companies regarding potential new contracts.

2.0 TECHNOLOGY DEVELOPMENT

2.1 FIRST QUICKSTEP PROCESS SALE FOR EUR4.2 MILLION

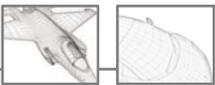
In July, the company confirmed its first commercial sale of the Quickstep Process, which involves surrounding raw carbon-fibre with heated liquids that transfer heat 25 times faster than traditional autoclave (or 'oven-heated') methods, enabling composite components to be cured more efficiently and at a fraction of the cost.

The contract, with Russian satellite launch company ORPE Technologiya, is valued at EUR4.2 million (AUD\$6.0 million). ORPE will use Quickstep's technology to produce large carbon-fibre shielding for satellites during launches. This pioneering application demonstrates the technology's potential use for manufacturing large carbon-fibre skins and opens the aerospace navigation, telecommunications and weather satellite markets for Quickstep.

The contract will be delivered over 18 months and will involve Quickstep's global organisation.

2.2 QUICKSTEP FAST-TRACKS RST TECHNOLOGY COMMERCIALISATION

Quickstep launched its patented resin spray transfer ("RST") technology to the automotive industry in August. This offers a major improvement to carbon-fibre processes currently used by the automotive industry as it enables a high-quality finish on composite parts, without additional finishing processes. Achieving top-quality paint finish and keeping that quality over time is much harder on carbon-fibre surfaces than on metal. The RST technology is unique in meeting the three most important automotive manufacturing objectives for carbon-fibre composites: allowing strong vehicle parts to be produced at high speed, low cost and with a "spectacular" finish.



2.3 RST TECHNOLOGY PASSES TEST FROM LUXURY CAR MAKER

The company has begun marketing demonstration parts to manufacturers. This has been well-received, leading to requests for quotes. During tests by a European luxury car maker the RST technology passed one of the industry's toughest environmental test regimes for carbon-fibre composite body panels, proving its ability to meet rigorous painted panel benchmarks and enable outstanding finishes. This ensures pre-qualification for the marque's commercial supply tenders.

Passing the stringent painting and surface ageing tests of a European luxury carmaker is a feat that very few other composite technologies have achieved and, importantly, Quickstep's RST process can be delivered at considerably lower cost.

3.0 CORPORATE

3.1 QUICKSTEP COMPLETES \$12.7 MILLION CAPITAL RAISINGS

During September 2013 the company completed a second institutional placement raising \$1.1 million from local and overseas investors at a price of \$0.20 per share, taking net proceeds from recent capital raisings to \$12.7 million, including \$7.2 million before costs from the share purchase plan.

The placement was completed on terms agreed during the first placement on 22 August 2013 and concludes the capital raisings, which were managed by State One Stockbroking. The company now has issued capital of 391,144,580 shares.

3.2 OPERATING AND CASH POSITION

At the end of the Quarter, the consolidated group cash balance was \$11.9 million, which includes \$0.8 million held in investments to be held to maturity. Sales performance is in line with plan.

3.3 BOARD APPOINTMENT

In July, Quickstep appointed Mr Nigel Ampherlaw as an independent non-executive director of the company. A chartered accountant, Mr Ampherlaw is also a non-executive director of Credit Union Australia and a non-executive director of the Australian Red Cross Blood Services. He has also been a member of the Grameen Foundation Australia charity board since 2012. Mr Ampherlaw was appointed Chair of the Audit and Risk Committee.

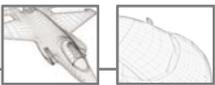
4.0 OUTLOOK

Quickstep anticipates growth underpinned by a firm order book which stood at more than \$30 million at September 2013, with work scheduled to be delivered mostly before the end of 2014. The company expects to become cash flow positive during FY2015. In addition, Quickstep's near-term goals are:

1. Contract manufacturing
 - Ramping up the production for the Joint Strike Fighter program and C130-J wing flaps contract
 - Pursuing additional manufacturing contracts in the aerospace and defence sector

2. Technology development
 - Progressing commercialisation of the RST technology for the automotive industry
 - Further progression of R&D work to incorporate the Quickstep Process within JSF manufacturing.

-ENDS-



Background on Quickstep Holdings Limited

Quickstep Holdings (ASX:QHL) is a manufacturer of advanced carbon fibre composites for the aerospace and defence and automotive industries. The company operates state-of-the-art manufacturing facilities at Bankstown Airport in Sydney, Australia, and has offices in Germany and the United States.

Quickstep is an approved supplier for the international F-35 Lightning II Joint Strike Fighter (JSF) program - the largest military aerospace program in the world, valued at in excess of US\$300 billion worldwide. To date more than 68 JSF aircraft have been delivered to the US Department of Defense, and this number is now expected to grow rapidly. The company has also been selected by Lockheed Martin as the sole supplier of composite wing flaps for the C-130J "Hercules" military transport aircraft. Quickstep is currently partnering with some of the world's largest aerospace/defence organisations, including the US Department of Defense, Lockheed Martin, Northrop Grumman, Airbus and EADS.

Quickstep is also developing patented manufacturing technologies to produce high-volume A-grade finished composite components for automotives and specialist thick parts such as spars and wing skins for large defence and commercial aircraft. The company is currently working with the US Department of Defence to qualify its patented Quickstep Process and Resin Spray Technology (RST) for JSF, and is also conducting a major research and development program with car maker Audi aimed at delivering high-quality finish, low cost, fast processing of carbon fibre composite, together with specialised resins, particularly adapted to the automotive industry.

For further information:

Investors

Philippe Odouard – Managing Director
Quickstep Holdings Limited
Telephone: +61-2 9774 0300
E: podouard@quickstep.com.au
or:
Visit www.quickstep.com.au

Media/Investors

Ashley Rambukwella / Robert Williams
Financial & Corporate Relations
Telephone: +61 2 8264 1004 / 0407 231 282
or +61 2 8264 1003 / 0468 999 369
E: a.rambukwella@fcr.com.au or r.williams@fcr.com.au

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

QUICKSTEP HOLDINGS LIMITED

ABN

55 096 268 156

Quarter ended ("current quarter")

30 SEPTEMBER 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	3,827	3,827
1.2 Payments for		
(a) staff costs	(2,072)	(2,072)
(b) advertising and marketing	(96)	(96)
(c) research and development	(783)	(783)
(d) leased assets	(3)	(3)
(e) other working capital	(2,812)	(2,812)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	3
1.5 Interest and other costs of finance paid	(86)	(86)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	160	160
Net operating cash flows	(1,862)	(1,862)

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	190
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

	\$A'000
- Directors' remuneration (Item 1.24)	190
- Staff costs - marketing and promotion (Item 1.24)	-

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	15,733	12,466
3.2	Credit standby arrangements	NIL	NIL

Loan facility includes \$12.4M facility with capability to capitalise interest up to \$3.3M.

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	11,115	1,393
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	11,115	1,393

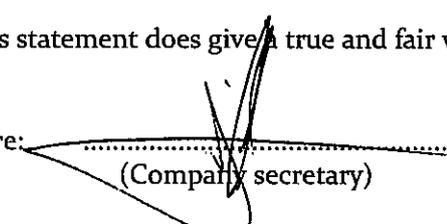
As at 30th September 2013, the total of cash and investments in term deposits with an original maturity of greater than 3 months is \$779k. (30th June 2013: \$390k).

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	NIL	NIL
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  (Company secretary)

Date: 31 October 2013

Print name: Jaime Pinto

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.