

Quarterly Report

To 30 June 2013

HIGHLIGHTS

CONTRACT MANUFACTURING

Orders

- New purchase orders for F-35 Lightning II Joint Strike Fighter (JSF) parts announced in April
- Including other contracts, Quickstep's firm order book now exceeds \$20 million, most of it to be delivered before end of 2014
- Firm orders underpin significant growth in 2013/14 revenue
- On July 30, the U.S. Department of Defense and Lockheed Martin reached an agreement in principle for the next two F-35 Lightning II aircraft production contracts (Low-Rate Initial Production (LRIP) lots 6 and 7), which is expected to include 71 stealth fighter aircraft and continue a reduction in F-35 aircraft pricing. This is expected to lead to further purchase orders for Quickstep.

Progress continues on JSF contracts

- Receipt of full approval from Northrop Grumman's F-35 chief engineer for Quickstep's bismaleimide and graphite epoxy destruct test articles authorizing start of deliveries out of Bankstown
- Quickstep delivers the first bismaleimide and graphite epoxy production parts, demonstrating that the Bankstown facility is equipped and qualified to execute all of the required processes for the F-35 program

Initial operational capability dates released for JSF

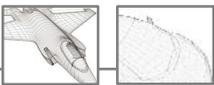
- The F-35 Joint Strike Fighter program, has now confirmed the IOC dates. This joint report establishes the initial operating capability dates for each military service. The joint announcement, together with the US Air Force's planned procurement quantities FY 2014, highlights that the JSF program is on track and increases the certainty of anticipated production orders for Quickstep.

100th part delivery

- **Minister for Defence Materiel, The Hon Dr Mike Kelly AM MP**, visited Quickstep on 19 July, 2013 to mark the acceptance of Quickstep's 100th manufactured part for JSF.

Progress continues on Lockheed Martin C-130J contract

- Quickstep completes production readiness tests for the Lockheed Martin C-130J contract, achieving approved supplier status and approval to commence manufacturing of C-130J flaps.
- Total C-130J flap program expected to generate US\$75-US\$100 million over five years
- Deliveries expected to commence during the 2013/14 financial year as planned



TECHNOLOGY DEVELOPMENT

First commercial sale of Quickstep Process

- In July 2013, Quickstep announced a EUR4.2 million commercial contract with ORPE Technologiya
- Quickstep will licence its unique patented technology which moulds carbon-fibre components using fluids instead of standard autoclave 'oven' techniques and supply a large Quickstep machine to undertake production work.

CORPORATE

- Cash and Investments In term deposits at the end of the quarter were \$1.8 million.

1.0 CONTRACT MANUFACTURING

1.1 QUICKSTEP RECEIVES LARGEST JSF PURCHASE ORDER TO DATE

The highlight of the quarter was the company's largest JSF purchase order to date from Northrop Grumman Corporation under the long term agreements already signed with Northrop Grumman.

Including the contract to supply C-130J wing flaps to Lockheed Martin, Quickstep's firm manufacturing order book now exceeds \$20 million, most of it to be delivered before end of 2014.

Firm orders are expected to underpin significant growth in 2013/14 revenue.

Quickstep will manufacture the JSF and C-130J parts at its new Bankstown Airport facility, with delivery of most of these parts anticipated before the end of 2014. These include carbon fibre composite skins and sub-assemblies for the JSF program and wing flaps for the C-130J.

The overall agreement to supply JSF parts is valued at up to \$700 million to the company over two decades. At peak production rates, Quickstep is expected to generate JSF revenue of approximately \$40 million per annum.

The company's overall agreement with Lockheed Martin is expected to generate revenues of \$US75 million to \$US100 million for Quickstep over five years.

On July 30, the U.S. Department of Defense and Lockheed Martin reached an agreement in principle for the next two F-35 Lightning II aircraft production contracts (Low-Rate Initial Production (LRIP) lots 6 and 7), which is expected to include 71 stealth fighter aircraft and continue a reduction in F-35 aircraft pricing. This is expected to lead to further purchase orders for Quickstep.

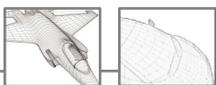
1.2 NORTHROP GRUMMAN'S F-35 AUSTRALIAN SUPPLIER QUICKSTEP PROVES CAPABILITY IN MANUFACTURING AND DELIVERY OF HIGH-GRADE ADVANCED COMPOSITE COMPONENTS

Full approval was received from Northrop Grumman's F-35 chief engineer for Quickstep's bismaleimide and graphite epoxy destruct test articles which was an essential step in authorising the start of deliveries of these types of parts from Quickstep's facility at Bankstown Airport.

Subsequently Quickstep delivered the first bismaleimide and graphite epoxy production parts, demonstrating that the Bankstown facility is now fully equipped and qualified to execute all of the required processes for the F-35 program.

1.3 US MILITARY SERVICES ANNOUNCE INITIAL OPERATIONAL CAPABILITY DATES FOR JOINT STRIKE FIGHTER AIRCRAFT

The F-35 Joint Strike Fighter program, has now confirmed the IOC dates. This joint report establishes the initial operating capability dates for each military service. These dates are up to 18 months ahead of schedule for the Marines and Air Force. The joint announcement, together with the US Air Force's planned procurement quantities FY 2014, highlights that the JSF program is on track and increases the certainty of anticipated production orders for Quickstep.



1.4 LOCKHEED MARTIN C-130J CONTRACT

Quickstep announced in July 2013 that it has completed all qualification tasks required by Lockheed Martin's materials and process technical engineering testing program, confirming Quickstep's readiness to manufacture high quality composite parts for the Lockheed Martin C-130J 'Hercules' aircraft. On that basis, Lockheed Martin has awarded Quickstep approved supplier status and authorised commencement of manufacturing of the parts at Quickstep. Quickstep has now started to manufacture the wing flaps at its Bankstown Airport facility, and deliveries are expected to begin during the 2013/14 financial year.

1.5 QUICKSTEP DELIVERS 100TH PART FOR WORLD'S LARGEST MILITARY AEROSPACE PROGRAM

Quickstep announced that it has delivered its 100th manufactured carbon-fibre composite part for its F-35 Lightning II Joint Strike Fighter (JSF) contract with global aerospace company Northrop Grumman Corporation. A ceremony was attended by the Hon Dr Mike Kelly AM MP, Minister for Defence Materiel. Northrop Grumman granted the acceptance certificate for this 100th flying part to Quickstep.

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.

Approximately 3000 JSF aircraft are expected to be delivered over the life of the JSF program, with 70 delivered to the US Department of Defence to date. The program is valued at over US\$300 billion.

1.6 TENDERS

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

2.0 TECHNOLOGY DEVELOPMENT

2.1 FIRST COMMERCIAL QUICKSTEP PROCESS SALE

In July 2013, Quickstep secured a EUR4.2 million (AUD6.0 million) contract to provide a leading aircraft composites manufacturer, ORPE Technologiya, with its Quickstep Process. ORPE will use Quickstep's technology and equipment to manufacture shielding for satellites during launches, opening the satellite market for Quickstep's technology.

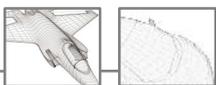
The Quickstep Process involves surrounding raw carbon fibre and resin with heated liquids which transfer heat 25 times faster than traditional autoclave (or 'oven-heated') methods, enabling composite components to be cured more efficiently and at a fraction of the cost.

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

3.0 CORPORATE

3.1 CASH POSITION

At the end of the Quarter, the consolidated group cash balance was \$1.8 million, which includes \$0.4 million held in investments to be held to maturity. Significant cash flow linked to existing orders will continue to sustain the company.



3.2 BOARD APPOINTMENT

Subsequent to the end of the quarter, 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's appointment follows the retirement of Mr David Wills from the Board.

4.0 OUTLOOK

With the Bankstown facility up and running, the company is focussed on ramping up production and delivering on its contracts with major aerospace leaders Northrop Grumman and Lockheed Martin. In addition, Quickstep's near-term goals are:

1. Contract manufacturing
 - Ramping up the production in Bankstown
 - Pursuing additional manufacturing contracts in the aerospace and defence sectors
2. Technology development
 - Further progression of R&D work to incorporate the Quickstep Process within JSF manufacturing
 - Maturing the RST technology for large production runs
 - Progressing commercialisation of the RST technology for the automotive industry.
 - Deliver its new contract to ORPE

-ENDS-

For further information:

Investors

Philippe Odouard – Managing Director
Quickstep Holdings Limited
Telephone: +61-2 9774 0308
E: podouard@quickstep.com.au
or:
Visit www.quickstep.com.au

Media

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

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 70 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.

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 JUNE 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
1.1 Receipts from customers	3,651	11,637
1.2 Payments for		
(a) staff costs	(2,285)	(7,375)
(b) advertising and marketing	(19)	(96)
(c) research and development	(140)	(783)
(d) leased assets	(10)	(39)
(e) other working capital	(2,817)	(9,825)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	27	87
1.5 Interest and other costs of finance paid	(195)	(482)
1.6 Income taxes paid	-	3,537
1.7 Other (provide details if material)	509	1,235
Net operating cash flows	(1,279)	(2,104)

+ See chapter 19 for defined terms.

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

	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
1.8 Net operating cash flows (carried forward)	(1,279)	(2,104)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets*	(913)	(4,424)
(e) other non-current assets <i>*including in-house asset construction</i>	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	300
Net investing cash flows	(913)	(4,124)
1.14 Total operating and investing cash flows	(2,192)	(6,228)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	7,449
1.18 Repayment of borrowings	-	(2,823)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	-	4,626
Net increase (decrease) in cash held	(2,192)	(1,602)
1.21 Cash at beginning of quarter/year to date	3,573	3,001
1.22 Exchange rate adjustments to item 1.20	12	(6)
1.23 Cash at end of quarter	1,393*	1,393

* Investments in term deposits with an original maturity of greater than 3 months are cash flows related to investing activities. These deposits do not meet the strict definition of a cash equivalent within *AASB 107 Cash Flow Statements* hence do not form part of Cash at the end of quarter. As at 30th June 2013 the total of Cash and investments in term deposits with an original maturity of greater than 3 months is \$390k (31st March 2013 - \$390k)

+ 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	221
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

	<u>\$A'000</u>
- Directors' remuneration (Item 1.24)	221
- 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	12,350
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	1,393	3,573
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	1,393	3,573

As at 30th June 2013, the total of cash and investments in term deposits with an original maturity of greater than 3 months is \$390k. (31st March 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:  Date: 31 July 2013
 (Company secretary)
 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.