

Quarterly Report

To 31 March 2015

HIGHLIGHTS

Q3 SALES

Quickstep sales continue to grow rapidly

- Quickstep achieved sales of A\$28.5 million for the nine months to 31 March 2015, with A\$15.1 million in sales for Q3.

AEROSPACE MANUFACTURING

Lockheed Martin C-130J rate production maintained

- 8 C-130J ship-sets delivered in Q3; 22 ship-sets delivered in the first 3 quarters.

Joint Strike Fighter production increasing

- 325 JSF parts delivered in the first three quarters, as rate continues to increase
- Qualification continued on JSF vertical tails.

QUICKSTEP PROCESS: AEROSPACE

Quickstep Process contract

- Delivery of the company's first Quickstep Process plant for aerospace is scheduled for mid-2015 after successful factory acceptance testing.
- Quickstep's performance bond has been released.

QUICKSTEP PROCESS: AUTOMOTIVE

Technology commercialisation

- First tooling order for Hawkei Project expected soon. Negotiations continue with other automotive companies for parts and machine manufacturing contracts globally.

CORPORATE

Executive Changes

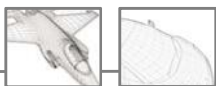
- David Marino was confirmed as Managing Director on 16 February 2015.
- Tony Quick resumed his prior role as independent non-executive chairman.
- Tim Olding was appointed as Vice President Systems in February 2015.

Additional working capital secured

- 18-month term, A\$3 million debt facility.
- Provides short term working capital support for expanding aerospace production.

Firm order book A\$52 million

- At 31 March 2015, Quickstep's firm order book was valued at A\$52 million.
- Majority of work to be completed during FY2015 and FY2016.



1.0 SALES

1.1 QUICKSTEP SALES GROWTH CONTINUES

Quickstep continued to generate strong growth achieving sales A\$28.5 million for the nine months to 31 March 2015 which includes the progressive recognition of ORPE project sales. Full year revenue is on target to exceed A\$35 million in FY2015. As the aerospace programs build, they are expected to generate strong cash flow for Quickstep in future years.

2.0 AEROSPACE MANUFACTURING

2.1 LOCKHEED MARTIN C-130J PRODUCTION CONTINUES AT 3 SHIP-SETS A MONTH

Quickstep's production of C-130J wing flaps for Lockheed Martin continues at planned production rate. Eight ship-sets were completed and delivered in Q3, bringing the year to date shipments to 22 ship-sets compared to seven ship-sets in the full year of FY2014.

Quickstep is the sole global supplier of wing flaps for Lockheed Martin's C-130J Super Hercules aircraft, under a memorandum of agreement valued at US\$75 million over five years. Over the life of the agreement, Quickstep expects to supply in excess of 120 ship-sets of carbon fibre wing flaps.

2.2 JOINT STRIKE FIGHTER UPDATE

Quickstep completed 325 F-35 Lightning II Joint Strike Fighter (JSF) parts to the end of Q3. This showed substantial acceleration of production compared to 188 JSF parts delivered in the full year of FY2014. The qualification process for production of JSF Vertical Tail components under an agreement with Marand Precision Engineering has continued. The schedule for completion supports deliveries commencing in FY2016.

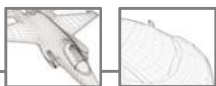
Quickstep produces 21 different JSF composite components for Northrop Grumman including lower skins, fuel tank covers and maintenance access panels. The overall agreement to supply JSF parts to several different original equipment manufacturers (OEMs) is valued at up to US\$700 million over two decades, including the agreement to supply parts for 700 vertical tails for BAE Systems and Marand.

2.3 AEROSPACE AUSTRALIA DEFENCE INDUSTRY INNOVATION AWARD

Quickstep has received the Aerospace Australia Defence Industry Innovation Award for its patented Quickstep Process, which represents a strong endorsement of Quickstep's technology. The award recognises an Australian company's outstanding originality and innovation, demonstrated commercial success, and understanding of customers' needs.

2.4 QUICKSTEP RECEIVES Nadcap ACCREDITATION

In February 2015 Quickstep received accreditation from Nadcap, the worldwide cooperative program of major companies administered by the Performance Review Institute (PRI) for quality assurance within the aerospace and automotive industries, for composite special processing at its Bankstown facility. This is an important stepping stone toward securing aerospace work from prime contractors such as Airbus and Boeing, most of whom require Nadcap accreditation throughout their supply chain. Nadcap accreditation supplements the AS9100 and ISO 9001 approvals secured in 2009 and numerous specific process approvals that enable the company to produce parts for Lockheed Martin, Northrop Grumman and BAE Systems.



3.0 QUICKSTEP PROCESS: AEROSPACE

3.1 ORPE & COMMERCIAL CONTRACTS

Assembly, systems integration and factory acceptance testing of the company's first commercial Quickstep Process plant has been finalised at its Munich facility and the equipment is substantially dismantled ready for shipment to the customer and final installation. The EUR4.2 million (A\$6.0 million) contract with leading European aerospace composites manufacturer, ORPE Technologiya, is expected to be completed mid-2015. ORPE will use the plant to produce a 6 metre by 4 metre carbon fibre part which is integral to their manufacture of shielding for satellites on launch vehicles.

Negotiations and development programs continue with a number of customers. The development activities are focused on the use of Quickstep's technologies (both Quickstep Process and Resin Spray Transfer (RST) technology) for the aerospace market; cored structures, large integrated structures, spars, beams and complex cure cycles.

4.0 QUICKSTEP PROCESS: AUTOMOTIVE

4.1 AUTOMOTIVE COMMERCIALISATION

The company continues to actively promote the commercialisation of its Quickstep Process and Resin Spray Transfer (RST) technology for the automotive industry. Sales discussions continue with a number of OEMs and Tier 1 manufacturers.

Following on from the signing of the Letter of Intent with Thales Australia, a purchase order for the initial tooling required to support the Hawkei Project is currently in negotiation. Planning for the build of the first 12 prototypes and intended ongoing production activity has commenced at the Automotive Division at Deakin University's Waurn Ponds Campus. Thales is currently bidding to supply the Australian designed and manufactured Hawkei to Defence, to replace Army Land Rovers. Quickstep has been selected by Thales as exclusive supplier of the bonnet, side skirts and mud guards for Hawkei armoured vehicles.

5.0 CORPORATE

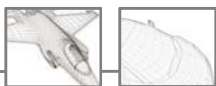
5.1 DAVID MARINO BEGINS AS MANAGING DIRECTOR

Mr David Marino began as Chief Executive Officer on 16 February 2015, and Quickstep's board confirmed his appointment as Managing Director on 18 February. With the appointment, Mr Tony Quick relinquished his interim executive role, resuming his role as independent Non-Executive Chairman.

5.2 TIM OLDING APPOINTED VICE PRESIDENT SYSTEMS

Mr Tim Olding was appointed as Quickstep's VP Systems in February 2015. He will lead all Engineering and Research and Development for Quickstep worldwide, and drive the development of the Quickstep Process and Resin Spray Transfer (RST) process and their application in the aerospace and automotive industries.

He brings more than 25 years' automotive industry experience to Quickstep, including 19 years at GM Holden in various product development roles culminating in his role as a Managing Engineer within Holden's Advanced Vehicle Development Centre. More recently he was Chief Engineer for EV Engineering, a developer of electric vehicles; and Chief Engineer for Axiflux, which is commercialising a range of electric motors and generators. Mr Olding will also manage Quickstep's patents and intellectual property strategy and is a member of Quickstep's management team. He holds a Bachelor of Engineering (Mech.) with First Class Honours from Swinburne Institute of Technology.



5.3 QUICKSTEP SECURES ADDITIONAL WORKING CAPITAL FUNDING

During February 2015 Quickstep secured a A\$3 million debt facility from Newmarket Financing Management Pty Limited, a strategic investor in the carbon fibre industry. The facility has an 18-month term and provides short-term working capital support for the company's expanding aerospace production. The facility has been drawn down and the interest rate is 12%.

As part of the consideration, Quickstep has issued 25 million options to Newmarket to acquire ordinary shares in Quickstep which expire on 31 December 2018. The exercise price will be the lesser of A\$0.25 or 25% above the issue price of any capital raising up to A\$10 million undertaken prior to the exercise of the options.

5.4 CASH POSITION

At the end of the quarter, the consolidated group cash balance was A\$2.59 million, with an additional A\$0.71 million held in restricted term deposits to be held to maturity.

5.5 FIRM ORDER BOOK

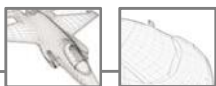
At 31 March 2015, Quickstep's order book was valued at A\$52 million. The majority of this work is expected to be completed during FY2015 and FY2016.

6.0 OUTLOOK

The company's near-term goals are:

1. Aerospace manufacturing
 - Maintaining production of C-130J wing flaps at three ship-sets per month
 - Delivering JSF program production at twice the FY2014 rate
 - Completing the JSF Vertical Tail qualification program
 - Pursuing additional manufacturing contracts
2. Quickstep Process: Aerospace
 - Completing delivery of the first commercial Quickstep Process plant in mid-2015
3. Quickstep Process: Automotive
 - Progressing commercialisation of the Quickstep Process and resin spray transfer (RST) technology
 - Pursuing contracts with automotive original equipment manufacturers

-ENDS-



For further information:

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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 aerospace manufacturing facilities at Bankstown Airport in Sydney, Australia, and has offices in Germany.

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 in excess of US\$300 billion worldwide. To date, more than 130 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 also developing patented manufacturing technologies to produce high-volume A-grade finished composite components for automotive and specialist thick parts such as spars and wing skins for large defence and commercial aircraft. The company is currently working to qualify its patented Quickstep Process for the aerospace market, and is also conducting major research and development programmes with car makers 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")

31 MARCH 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
1.1 Receipts from customers	5,225	18,601
1.2 Payments for		
(a) staff costs	(4,569)	(11,192)
(b) advertising and marketing	(77)	(170)
(c) research and development	(328)	(1,367)
(d) leased assets		-
(e) other working capital	(4,643)	(17,441)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	17
1.5 Interest and other costs of finance paid	(198)	(316)
1.6 Income taxes paid	-	-
1.7 Other (government grants)	183	6,053
Net operating cash flows	(4,405)	(5,815)

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(4,405)	(5,815)
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*	(730)	(806)
(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	34	34
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (proceeds from term deposits)	871	3,151
Net investing cash flows	175	2,379
1.14 Total operating and investing cash flows	(4,230)	(3,436)
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	3,000	5,500
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other, Finance lease payments	(13)	(25)
Net financing cash flows	2,987	5,475
Net increase (decrease) in cash held	(1,243)	2,040
1.21 Cash at beginning of quarter/year to date	3,782	566
1.22 Exchange rate adjustments to item 1.20	52	(14)
1.23 Cash at end of quarter	2,592	2,592

* 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 31st March 2015, the total of Cash and investments in restricted term deposits is \$709k. (31st December 2014: \$1,569k).

Immaterial changes have been made to YTD numbers to improve accuracy within cash flow categories following a new reconciliation exercise which will be applied to all future reports.

+ 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	346
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>
-	Executive and Non-Executive Directors' remuneration (Item 1.24)	346

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	18,833	16,916
3.2	Credit standby arrangements	NIL	NIL

Loan facilities include:

- A fully drawn \$10.0M facility with additional capability to capitalise interest up to \$3.333M which is partly utilised.
- A multi-option facility of \$2.5M for working capital, which is fully drawn. (An associated EUR3.0M (\$A4.3M) performance bond completed in February 2015.)
- A \$3.0M loan for an 18 month term from Newmarket subordinated to senior debt, which is fully drawn. As part of the consideration, Quickstep has issued 25 million options to Newmarket to acquire ordinary shares in Quickstep which expire on 31 December 2018. The exercise price will be the lessor of \$0.25 or 25% above the issue price of any capital raising up to \$10 million undertaken prior to the exercise of the options.

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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	2,592	3,782
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	2,592	3,782

As at 31st March 2015, the total of cash and investments in restricted term deposits is \$709k. (31st December 2014: \$1,569k).

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		

+ See chapter 19 for defined terms.

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: 23 April 2015
(Company secretary)

Print name: Jaime Pinto

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.