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26 October 2015

Company Announcements Office
ASX Limited
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SEPTEMBER 2015 APPENDIX 4C AND QUARTERLY REPORT

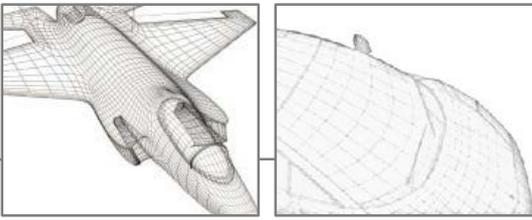
Enclosed are the Quarterly Report and Appendix 4C for the 3 months ended 30 June 2015 for Quickstep Holdings Ltd (ASX:QHL) (**Quickstep**).

This announcement is not intended to lift the trading halt entered into earlier today by Quickstep.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Jaime Pinto', written over a horizontal line.

Jaime Pinto
Company Secretary



Quarterly Report

To 30 September 2015

HIGHLIGHTS

FINANCIAL PERFORMANCE

Record sales

- Sales revenue of \$12.7 million for Q1 FY16
- Positive net operating cash flows of \$1.5 million in Q1 FY16
- Firm order book valued at \$130 million (subsequent to quarter end)

AEROSPACE MANUFACTURING

Lockheed Martin C-130J production

- 10 ship-sets delivered in the quarter

Joint Strike Fighter (JSF) production

- 155 parts delivered in the quarter
- Qualification of JSF vertical tails fairings successfully achieved. First production supply December quarter.

TECHNOLOGY COMMERCIALISATION

New R&D facility being established at Waurin Ponds, Victoria

- Global R&D centre established at Deakin University's Waurin Ponds, Victoria, fit-out commenced
- Invest Victoria provides assistance for the relocation of Munich R&D facilities to Waurin Ponds
- Long-term Strategic R&D and Education Agreement entered into with Deakin University

Automotive commercialisation

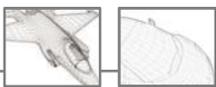
- Niche volume production agreement secured with global vehicle manufacturer
- Production implementation for Quickstep's Automotive division advancing

PRESCHE project

- PRESCHE project confirms Quickstep's technologies capability to produce Class A parts at lower cost for niche volumes

Thales Hawkei

- First project using Quickstep's automotive resin spray transfer (RST) process
- Australian Government awards \$1.5 billion supply contract to Thales subsequent to end of quarter
- Quickstep receives tooling & engineering orders from Thales



1.0 FINANCIAL PERFORMANCE

1.1 STRONG SALES CONTINUE

Sales for the quarter were \$12.7 million as production of parts for the F-35 Lightning II Joint Strike Fighter (JSF) and C-130J Hercules increased, in line with previous guidance of full year sales of \$48 million for FY16.

1.2 FIRM ORDER BOOK

At 30 September 2015, Quickstep's order book was valued at \$74.9 million, reflecting committed orders for both the C-130J (Lockheed Martin) and JSF (Northrop Grumman and BAE Systems) programs. The majority of this work will be completed over the next two years.

Subsequent to the end of the quarter, Quickstep confirmed that its purchase orders under existing long term agreements have increased the Company's firm future order book across all aerospace programs to more than \$130 million. While a substantial portion of these orders are for delivery within the next 12 to 24 months, orders now extend into 2018 and 2019 delivery.

2.0 AEROSPACE MANUFACTURING

2.1 LOCKHEED MARTIN C-130J PRODUCTION RATE INCREASES

Quickstep is the exclusive supplier of composite wing flaps to Lockheed Martin for the C-130J Hercules aircraft under a five-year memorandum of agreement (MoA) valued at US\$ 75 million.

During the quarter, 10 ship-sets were completed, in line with guidance of 3 sets per month.

Testament to the company's good production track record and working relationship with Lockheed Martin, a further extension to the existing Purchase Order was received, delivering growth to the order book.

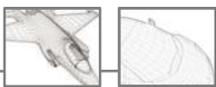
2.2 JSF PRODUCTION CONTINUES TO RAMP UP

Quickstep is the sole supplier globally to Northrop Grumman for 21 JSF parts including doors, panels, lower skins and other composite parts. During the quarter, Quickstep completed 155 parts, compared to 136 parts the previous quarter. The company expects a three-fold increase in production over the next three years.

Further orders were received from Northrop Grumman supporting the growth in the total order book.

Vertical tail fairings have now achieved qualification and production manufacture has commenced. Vertical tail skins and spars qualification remain on track for completion to plan. Under the agreement with BAE's supplier Marand Precision Engineering, the company will supply 700 sets of composite parts including skins, spars and fairings over the next 14 years, with initial deliveries expected to commence before year-end.

The company continues to progress discussions with both current customers and targeted aerospace original equipment manufacturers (OEMs) regarding new contracts for additional manufacturing volumes.



3.0 TECHNOLOGY COMMERCIALISATION

3.1 ESTABLISHMENT OF NEW R&D CENTRE

In August 2015, Quickstep announced the establishment of its global research and development centre at Deakin University's Waurin Ponds campus. The new R&D centre will manage ongoing development of all Quickstep technologies and intellectual property, supporting the company's aerospace and automotive facilities in Australia and Germany.

The close relationship between Quickstep and Deakin University is being continued through the announcement of a long-term Strategic R&D and Education Agreement between the two entities.

The R&D centre will support the fast-tracking and industrialisation of Quickstep's patented Qure process for moulding and curing carbon fibre composite parts in niche volumes; and the development of RapidQure, a fully automated high-volume manufacturing system for the automotive industry.

Quickstep acknowledged the support of the State Government of Victoria's investment promotion arm Invest Victoria, to assist in relocating R&D to the Geelong region. The funding is in addition to the \$1.76 million grant provided by the Geelong Region Innovation and Investment Fund (GRIIF), an initiative funded by the Federal and Victorian Governments and Ford Australia, announced in November 2014.

3.2 AUTOMOTIVE COMMERCIALISATION

Quickstep's patented technologies have the potential to become industry disruptive within the automotive sector. The first phase of the company's automotive strategy is to secure small volume contracts that demonstrate Quickstep's patented Qure and Resin Spray Transfer (RST) technologies, establishing the company's automotive credentials.

In July 2015, Quickstep secured its first production order with a leading global car manufacturer. The niche volume order is for the manufacture of up to 1,000 lightweight carbon fibre engine compartment parts.

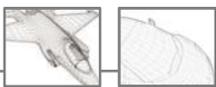
Initial fit-out of the Quickstep Automotive division's facility at Deakin University's Waurin Ponds campus has commenced, in preparation for first delivery in early calendar 2016.

Over the next 18 months, Quickstep will target other niche volume automotive orders of up to 5,000 parts per annum, including structural components and A-class body panel projects. In tandem, Quickstep is developing RapidQure, a higher volume, lower cost composite manufacturing process, to address higher volume manufacturing opportunities.

3.3 PRESCHÉ PROJECT CONFIRMS QURE AND RST CAPABILITIES

The PRESCHÉ project is a German-government funded project undertaken with leading car manufacturer Audi and other partners. Commencing in November 2011, the PRESCHÉ project focused on the delivery of commercial composite car parts using a number of new technologies. A key outcome was the successful automation of some of the key steps in composite part manufacturing to deliver 'Class A' finish automotive parts such as bonnets, decklids and canopies.

In July 2015, the company announced the results of the PRESCHÉ Project's final report. Of note, the project demonstrated the ability of Quickstep's resin spray transfer (RST) and Qure technologies to produce paintable, 'Class A' surface composite parts at a lower cost than traditional autoclave processes in niche volumes of up to 10,000 parts per annum. These technologies also produced a demonstrator roof system for an Audi A1 vehicle.



3.4 HAWKEI UPDATE

Quickstep is the exclusive supplier of the bonnet, side skirts and mud guards composite parts for the Hawkei vehicles under a letter of intent with Thales Australia. Design and development activity for the Hawkei vehicle is currently underway, jointly with Thales, and the first orders for tooling and design and development have now been received.

Subsequent to the end of the quarter, the Australian government awarded Thales the \$1.5 billion supply contract for Hawkei vehicles.

Production of parts is likely to commence in Q2 of 2016. The project further demonstrates the capabilities of Quickstep's RST technology within the automotive industry.

4.0 CORPORATE

4.1 CASH POSITION

At the end of the quarter, the consolidated group cash balance was \$2.7 million and the company held, in addition, \$0.7 million in restricted term deposits to be held to maturity.

4.2 CASHFLOW

Quickstep generated positive net operating cash flows of \$1.5 million in the quarter, resulting from increased production volumes and improved operational performance.

It is anticipated that operating cash from aerospace manufacturing activities will continue positive cash flow in Q2 FY16.

4.3 PROFIT

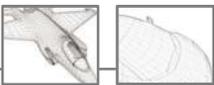
Quickstep achieved a positive operating profit in Q1 FY16; following on from a profitable second half of FY15.

4.4 ORGANISATIONAL CHANGES

Subsequent to the end of the quarter, Quickstep announced a number of organisational changes to the Company's Board, Executive Team and Management Structure. The changes were put in place to accelerate the company's growth strategy across the automotive, aerospace and defence industries.

Philippe Odouard, previously Executive Director, was appointed to a newly created position of General Manager, Strategy & Business Development (Aerospace & Defence). As part of this appointment, Mr Odouard resigned from all Board directorships (including subsidiaries), to allow him to focus fully on the company's growth strategy.

Andrew Crane joined Quickstep in the position of Chief Financial Officer, replacing Nicole Sharman, who has resigned from the company.



5.0 OUTLOOK

Quickstep's long-term goal is to become a world leader in advanced composites manufacturing and the company is focused on expanding its business in the aerospace, defence, automotive and transport sectors. The company's near-term goals are:

1. Aerospace manufacturing

- Maintaining production of C-130J wing flaps at three ship-sets per month
- Completing the JSF Vertical Tail qualification program
- Increasing manufacturing capacity for JSF future growth
- Pursuing additional manufacturing contracts for the Bankstown operation

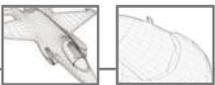
2. Technology commercialisation: Aerospace

- Completing the installation of the first commercial Qure plant in FY2016
- Securing aviation parts contracts with aircraft manufacturers utilizing the Qure process

3. Technology commercialisation: Automotive

- Completing the fit-out of the manufacturing facility at Waurrn Ponds
- Commercialising the Qure and RST technology into production
- Continuing development the RapidQure technology
- Implementing into production the first automotive contract
- Preparing for first parts supply for the Thales Hawkei vehicle
- Pursuing additional 'niche' contracts with automotive OEMs

-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 automotive industries. The company operates from state-of-the-art aerospace manufacturing facilities at Bankstown Airport in Sydney, NSW; a production site for automotive in Waurin Ponds, Victoria; and an office in Munich, 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 "Super 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 and Airbus.

Quickstep is also developing patented manufacturing technologies to produce high-volume A-grade finished composite components for automotives. The company has secured a letter of intent to deliver components for Thales Australia's Hawkei protected mobility vehicle.



CEO & Managing Director, David Marino, inspects the Audi A1 Roof demonstrator part produced using Quickstep's patented Qure & RST technologies, as part of the now completed PRESCHÉ project

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 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
1.1 Receipts from customers	13,052	13,052
1.2 Payments for		
(a) staff costs	(3,831)	(3,831)
(b) advertising and marketing	(60)	(60)
(c) research and development	(531)	(531)
(d) leased assets	-	-
(e) other working capital	(7,027)	(7,027)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(177)	(177)
1.6 Income taxes paid	-	-
1.7 Other (government grants)	120	120
Net operating cash flows	1,547	1,547

+ See chapter 19 for defined terms.

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

		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
1.8	Net operating cash flows (carried forward)	1,547	1,547
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*	(104)	(104)
	(e) other non-current assets	-	-
	*including in-house asset construction		
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 (proceeds from term deposits)	-	-
	Net investing cash flows	(104)	(104)
1.14	Total operating and investing cash flows	1,443	1,443
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	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other, Finance lease payments	(18)	(18)
	Net financing cash flows	(18)	(18)
	Net increase (decrease) in cash held	1,424	1,424
1.21	Cash at beginning of quarter/year to date	1,212	1,212
1.22	Exchange rate adjustments to item 1.20	44	44
1.23	Cash at end of quarter	2,680	2,680

* 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 September 2015, the total of Cash and investments in restricted term deposits is \$709k. (30th June 2015: \$709k).

+ 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	327
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)	327

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	18,333	16,629
3.2	Credit standby arrangements	NIL	NIL

Loan facilities include:

- A fully drawn \$10,000k facility with additional capability to capitalise interest up to \$3,333k which is partly utilised.
- A multi-option facility of \$2,000k for working capital, which is fully drawn.
- A \$3,000k loan for an 18 month term from Newmarket subordinated to senior debt, which is fully drawn.

+ See chapter 19 for defined terms.

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	2,680	1,212
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	2,680	1,212

As at 30th September 2015, the total of cash and investments in restricted term deposits is \$709k. (30th June 2015: \$709k).

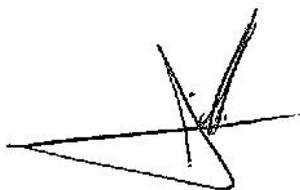
Acquisitions and disposals of business entities

	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: .
(Company secretary)

Date: 26 October 2015

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.

