



FUTURE FIBRE TECHNOLOGIES

Future Fibre Technologies Ltd
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24 February 2017

FFT half year results ahead of market guidance

- Revenue of \$6.4M – up on immediate prior half (2HFY16: \$5.7M)
- EBITDA loss of \$3.0M for the half year
- Cash position of \$9.8M at 31 December 2016 - no debt, strong balance sheet
- 1HFY17 operating costs in line with growth strategy
- Significant new orders received late 1HFY17/early 2HFY17

Future Fibre Technologies Limited (ASX: FFT), a global leader in fibre optic intrusion detection security systems, today announced its financial results for the half year ended 31 December 2016 (1HFY17).

FFT delivered revenues of \$6.4 million and an EBITDA loss of \$3.0 million for half year. As at 31 December 2016, FFT's balance sheet remained strong with a cash balance of \$9.8 million, and no external debt or borrowings. The Company's cash receipts from customers strengthened to \$7.1M (2HFY16: \$5.8M).

Commenting on the result, FFT Chief Executive Rob Broomfield said: *"While 1HFY17 revenues were impacted by delays in certain contracts, we continue to maintain a strong and growing sales pipeline. Orders received in early in H2 confirm our earlier guidance provided to the market on 23 January 2017 – namely, that we expect annual revenues for FY 2017 to be between \$18 million and \$23 million."*

"Our concentrated R&D efforts have allowed us to announce the commercial release of a new product platform - Aura Ai-2 - in January 2017. Featuring extended detection range, enhanced intrusion location accuracy and cut resilient capabilities, Aura Ai-2 marks another technology milestone for our R&D Team in its quest to bring robust, reliable and cost effective security solutions to FFT's growing list of global customers. The FFT team has been focused on creating a next generation laser optics platform that brings the science of data driven artificial intelligence to the real world of perimeter intrusion detection. The ongoing development of FFT products and technology is expected to contribute to the Company's sales and gross margin enhancement in the 2018 financial year."

"FFT will continue to invest in developing its global sales and support capability during 2HFY17, and in pursuing additional revenue opportunities through adjacent product markets and distribution partnerships similar those entered with Anixter International, and most recently, South American-based Minipa," Mr Broomfield added.

- ENDS -

About FFT

FFT is a leading developer and manufacturer of fibre optic intrusion detection security systems. Deployed by some of the most security conscious industrial, military and government organisations in the world, FFT's advanced security systems:

- detect and locate **perimeter** intrusions;
- identify third-party interference on oil and gas **pipelines**; and
- protect sensitive **data network** communications cables.

With hundreds of installations in more than 60 countries, FFT has established a solid reputation for delivering highly intelligent, reliable, and award winning intrusion detection solutions. www.fftsecurity.com

For further information contact: Katie Paynter +61 417 057 243

**FUTURE FIBRE TECHNOLOGIES LTD
ABN 67 064 089 318
AND CONTROLLED ENTITIES**

**HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016
PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3**

**This half-year financial report is to be read in conjunction with the financial
report for the year ended 30 June 2016.**

Appendix 4D

Half Year Report for the six months to 31 December 2016

Name of entity: Future Fibre Technologies Limited

ABN or equivalent company reference: 67 064 089 318

1. Reporting period

Report for the half year ended: 31 December 2016

Previous corresponding periods: Financial year ended 30 June 2016
Half- year ended 31 December 2015

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	up/down	31%	to	5,947,000
Profit (loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>)	up/down	276%	to	(3,020,000)
Net profit (loss) for the period attributable to members (<i>item 2.3</i>)	up/down	276%	to	(3,020,000)
Dividends (<i>item 2.4</i>)		Amount per security		Franked amount per security
Interim dividend		Nil ¢		Nil ¢
Final dividend		Nil ¢		Nil ¢
Previous corresponding period		Nil ¢		Nil ¢
Record date for determining entitlements to the dividend (<i>item 2.5</i>)		Not applicable		
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>):				

3. Net tangible assets per security (*item 3*)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	14.6 cents	18.5 cents

4. Details of entities over which control has been gained or lost during the period: (item 4)

Control gained over entities

Name of entities (item 4.1)	Not applicable	
Date(s) of gain of control (item 4.2)	Not applicable	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 4.3)		\$ Nil
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)		\$ Nil

Loss of control of entities

Name of entities (item 4.1)	Not applicable	
Date(s) of loss of control (item 4.2)	Not applicable	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (item 4.3).		\$ Nil
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)		\$ Nil

5. Dividends (item 5)

	Date of payment	Total amount of dividend
Interim dividend year ended 30 June 2016	N/A	\$ Nil
Final dividend year ended 30 June 2016	N/A	\$ Nil

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	Nil ¢	Nil ¢	Nil ¢
Previous year	Nil ¢	Nil ¢	Nil ¢

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities (each class separately)	Nil	Nil
Preference securities (each class separately)	Nil	Nil
Other equity instruments (each class separately)	Nil	Nil
Total	Nil	Nil

6. Details of dividend or distribution reinvestment plans in operation are described below (item 6):

N/A

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

N/A

7. Details of associates and joint venture entities (item 7)

Name of associate or joint venture entity	%Securities held
N/A	N/A

Aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	2016 \$	2015 \$
Profit (loss) from ordinary activities before tax		
Income tax on ordinary activities		
Net profit (loss) from ordinary activities after tax		
Adjustments		
Share of net profit (loss) of associates and joint venture entities		

8. The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached).

9. Independent review of the financial report (item 9)
(Select appropriate option)

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

10. Matters relating to a qualified independent review statement

A description of the dispute or qualification in respect of the independent review of the half-year financial report is provided below (item 9)

N/A



FUTURE FIBRE TECHNOLOGIES

FUTURE FIBRE TECHNOLOGIES LIMITED
ABN: 67 064 089 318
AND CONTROLLED ENTITIES

CONDENSED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2016

This half-year condensed financial report is to be read in conjunction with the financial report for the year ended 30 June 2016

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DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2016

The directors present their report together with the condensed financial report of the consolidated entity consisting of Future Fibre Technologies Limited (the Company) and its controlled entities (the Group) for the half-year ended 31 December 2016 and independent review report thereon. This financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

Directors names

The names of the directors in office at any time during or since the end of the half-year are:

Name	Period of directorship
Arlene Tansey	Appointed 11 March 2015 – Resigned 13 October 2016
Robert Broomfield	Director since 27 February 2008
Dr Fred Davis	Director since 11 March 2015
Terence (Terry) Winters	Director since 9 September 2004 (Appointed Chairman 13 October 2016)
Mark Stevens	Director since 11 March 2015
Christopher Fergus	Director since 14 October 2016

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of operations

Sales revenue decreased by 31% to \$5.9 million in comparison to the same period last year (1H2016: \$8.6 million), while gross margin (sales revenue less cost of raw materials and consumables used) was slightly improved at 58% (1H2016: 55%).

The Company continued to execute its growth strategy, with expansion of its sales and support teams in APAC, MENA, ESSA, and the Americas.

Following the investment in the continued growth of the business, the Company had a consolidated loss for the half-year after providing for income tax of \$3,020,000 (1H2016: loss of \$803,000).

The Company's balance sheet remains strong with a cash balance of \$9.8 million (30 June 2016: \$12.1 million). Receivables for the half-year amounted to \$7.3 million (30 June 2016: \$8.7 million).

The company invested in the development of innovative intellectual property to further enhance the capability of the Company's solutions in both perimeter fence and buried applications. Competitive testing of FFT buried solutions for border applications has shown FFT's solution clearly outperforming competitors.

The decline in half-year revenue over the previous corresponding period reflects the slow recovery major oil and gas investment, or infrastructure investment in oil dependent economies.

Despite the competitive nature of the global security market, particularly in large highly bid contracts, the Company's gross margin remained consistent - reflecting the market leading position of FFT products and its global support.

Whilst the first half result was disappointing the Company has an excellent pipeline of potential sales opportunities. Orders received late in the first-half and early in the second-half year indicates that market opportunities for FFT are improving and the Company expects much stronger sales and operating cash flows in the second half of the 2017 financial year resulting from current and anticipated orders.

The ongoing development of FFT products and technology is also expected to contribute to the Company's sales and gross margin in the 2018 financial year.

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

The Company will continue to invest in its global sales and support capability during the second half of the 2017 financial year, as well as pursue additional revenue opportunities through distribution partnerships and adjacent product markets.

There has been no matter or circumstance, which has arisen subsequent to 31 December 2016 that has significantly affected or may significantly affect the operations of the consolidated entity, or the results of those operations, or the state of affairs of the consolidated entity.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporation Act 2001* in relation to the review for the half-year is provided with this report.

Rounding of amounts to nearest thousand dollars

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Signed in accordance with a resolution of the directors:



Robert Broomfield

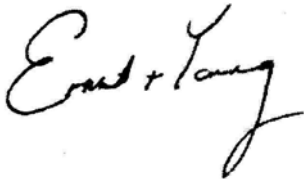
Chief Executive Officer and Executive Director
24 February 2017

Auditor's Independence Declaration to the Directors of Future Fibre Technologies Limited

As lead auditor for the review of Future Fibre Technologies Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Future Fibre Technologies Limited and the entities it controlled during the financial period.



Ernst & Young



Robert Dalton
Partner
24 February 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Half Year	
	31 Dec 2016 \$'000	31 Dec 2015 \$'000
Revenue and Other Income		
Sales revenue	5,947	8,624
Other income	444	463
	6,391	9,087
Less: Expenses		
Cost of raw materials and consumables used	(2,474)	(3,818)
Employee benefits expense	(3,767)	(3,111)
Research and Development	(724)	(625)
Advertising and marketing	(269)	(196)
Travel and Entertainment costs	(337)	(410)
Facilities and Office expenses	(382)	(366)
Compliance, Legal, and Administration	(516)	(586)
Provision for impairment of receivables	(15)	(170)
Depreciation and amortisation expenses	(357)	(299)
Finance costs	(3)	(4)
Other expenses	(567)	(305)
	(9,411)	(9,890)
Loss before income tax expense	(3,020)	(803)
Income tax expense	-	-
Net loss for the half year	(3,020)	(803)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange fluctuations on translation of foreign operations, net of tax	(370)	(61)
Total other comprehensive income/(loss) for the half-year	(370)	(61)
Total comprehensive income/(loss) for the half-year	(3,390)	(864)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Cont'd)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Half Year	
	31 Dec 2016 (cents)	31 Dec 2015 (cents)
Loss per share for loss from operations attributable to equity holders of the parent entity:		
Basic loss per share	(2.46)	(0.66)
Diluted loss per share	(2.46)	(0.66)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	31 Dec 2016 \$'000	30 June 2016 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	9,754	12,119
Receivables	7	4,447	5,443
Inventories		3,257	3,990
Other current assets		228	341
Total current assets		17,686	21,893
Non-current assets			
Receivables	7	2,887	3,291
Plant and equipment		1,242	1,300
Intangible assets		3,064	1,608
Total non-current assets		7,193	6,199
Total assets		24,879	28,092
LIABILITIES			
Current liabilities			
Payables		2,723	2,792
Borrowings		8	8
Provisions		980	1,038
Total current liabilities		3,711	3,838
Non-current liabilities			
Borrowings		11	15
Provisions		23	15
Total non-current liabilities		34	30
Total liabilities		3,745	3,868
Net assets		21,134	24,224
Equity			
Contributed capital		44,183	43,883
Reserves		93	463
Accumulated losses		(23,142)	(20,122)
Total equity		21,134	24,224

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	Contributed equity \$'000	Share Options Reserve \$'000	Foreign Exchange Translation Reserve \$'000	Accumulated losses \$'000	Total Equity \$'000
Balance as at 1 July 2015		43,714	397	-	(14,317)	29,794
Loss for the half-year		-	-	-	(803)	(803)
Exchange fluctuations on translation of foreign operations, net of tax		-	-	(61)	-	(61)
Total comprehensive income for the half-year		-	-	(61)	(803)	(864)
Transactions with owners in their capacity as owners:						
Share issue		28	-	-	-	28
Dividends paid		-	-	-	-	-
		28	-	-	-	28
Balance as at 31 December 2015		43,742	397	(61)	(15,120)	28,958

	Note	Contributed equity \$'000	Share Options Reserve \$'000	Foreign Exchange Translation Reserve \$'000	Accumulated losses \$'000	Total Equity \$'000
Balance as at 1 July 2016		43,883	397	66	(20,122)	24,224
Loss for the half-year		-	-	-	(3,020)	(3,020)
Exchange fluctuations on translation of foreign operations, net of tax		-	-	(370)	-	(370)
Total comprehensive income for the half-year		-	-	(370)	(3,020)	(3,390)
Transactions with owners in their capacity as owners:						
Share issue	8	300	-	-	-	300
Dividends paid		-	-	-	-	-
		300	-	-	-	300
Balance as at 31 December 2016		44,183	397	(304)	(23,142)	21,134

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Half Year	
	31 Dec 2016 \$'000	31 Dec 2015 \$'000
Cash flow from operating activities		
Receipts from customers	7,134	6,306
Receipts from R&D tax incentives	617	-
Payments to suppliers and employees	(8,268)	(9,589)
Finance costs paid	(3)	(4)
Interest received	102	207
Net cash provided by / (used in) operating activities	(418)	(3,080)
Cash flow from investing activities		
Payment for plant and equipment	(158)	(233)
Payment for intellectual property	(1,627)	(17)
Net cash used in investing activities	(1,785)	(250)
Cash flow from financing activities		
Proceeds from share issue	300	28
Repayment of borrowings	(4)	(4)
Net cash provided by financing activities	296	24
Net increase / (decrease) in cash and cash equivalents	(1,907)	(3,306)
Foreign exchange differences on cash	(458)	119
Cash and cash equivalents at beginning of half-year	12,119	17,591
Cash and cash equivalents at end of the half-year	9,754	14,404

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT

NOTE 1: BASIS OF PREPARATION OF THE CONDENSED HALF-YEAR FINANCIAL REPORT

(a) Basis of preparation

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, as appropriate for for-profit entities, and the *Corporations Act 2001*. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2016 and the corresponding half-year.

This condensed consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Future Fibre Technologies Limited during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

The half-year financial report was authorised for issue by the directors as at the date of the directors' report.

(b) Rounding amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

(c) Critical accounting estimates and assumptions

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- (i) Assessing the carrying of intangibles
- (ii) Measuring trade receivables at amortised cost
- (iii) Share-based payment transactions

Refer to page 46 of the company's Annual Report for the year ended 30 June 2016 for further details.

NOTE 2: RELATED PARTY DISCLOSURES

There have been no related party transactions other than those between the Company and its subsidiaries during the half year ended 31 December 2016. Refer to page 71 of the company's Annual Report for the year ended 30 June 2016 for further details.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT (Cont'd)**NOTE 3: SIGNIFICANT OR UNUSUAL INCOME AND EXPENSE ITEMS**

	Half Year	
	31 Dec	31 Dec
	2016	2015
	\$'000	\$'000
Settlement of Commercial Dispute	-	(363)

During the half year ended 31 December 2015 the company settled an on-going commercial dispute. Costs to the company of this settlement during the half year ended 31 December 2015 totalled \$363,000 and is disclosed within Compliance, Legal, and Administration (\$224,000) and Provision for impairment of receivables (\$139,000).

NOTE 4: DIVIDENDS

There have been no dividends declared or paid during the half year ended 31 December 2016 (HY2016: \$nil).

NOTE 5: SEGMENT INFORMATION**(a) Description of segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors of Future Fibre Technologies Limited. The Group re-assessed their segment reporting disclosures based on information reported to the chief operating decision maker and concluded there is one segment. The information for which is reported consistently with the financial statements.

For management purposes, the Group is organised into one main operating segment. Future Fibre Technologies Limited (Australian parent) is the owner of the Intellectual property, performs all product manufacturing, sales and distribution of products, and is responsible for providing the after sales support of all products sold. All of the Group's activities are interrelated, and discrete financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The total amount of external revenue derived from one major customer where the revenue is greater than 10% of the consolidated entity's total revenue was \$1,332,000 (HY2016: one customer \$2,510,000).

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT (Cont'd)**NOTE 6: CASH AND CASH EQUIVALENTS**

	31 Dec 2016 \$'000	30 June 2016 \$'000
Cash at bank and on hand	2,336	2,800
Cash on deposit	7,418	9,319
	9,754	12,119

NOTE 7: RECEIVABLES

	31 Dec 2016			30 June 2016		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Trade receivables	4,262	2,887	7,149	4,924	3,291	8,215
Provision for impairment	(1,178)	-	(1,178)	(1,240)	-	(1,240)
	3,084	2,887	5,971	3,684	3,291	6,975
Security deposits and bonds	11	-	11	12	-	12
Other receivables	1,352	-	1,352	1,747	-	1,747
	4,447	2,887	7,334	5,443	3,291	8,734

(a) Provision for impairment

As at 31 December 2016, current trade receivables of the Group with a nominal value of \$1,178,000 (30 June 2016: \$1,240,000) were impaired. The amount of provision was \$1,178,000 (30 June 2016: \$1,240,000).

Trade receivables are non-interest bearing and are generally on terms of ranging from 30 - 90 days. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

(b) Past due but not impaired

As at 31 December 2016, trade receivables past due but not considered impaired are: \$4,583,000 (30 June 2016: \$5,129,000).

Payment terms on some of these amounts have been re-negotiated, in all other cases credit has been stopped until full payment is made. Direct contact with the relevant debtor has been made and the Group is satisfied that payment will be received in full.

Consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. Interest is accrued and amortised over the term of the contract. Interest income amounted to \$192,000 in the half-year ended 31 December 2016 (31 December 2015: \$Nil)

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT (Cont'd)**NOTE 8: SHARE CAPITAL**

During the half year ended 31 December 2016 the company issued 1,800,000 shares on the conversion of options. The Company received \$300,000 in consideration during the half year in relation to these share issues and \$69,000 during the year ended 30 June 2016. Refer to page 61 of the company's Annual Report for the year ended 30 June 2016 for further details.

NOTE 9: CONTINGENT LIABILITIES

The Group had no contingencies at 31 December 2016 (30 June 2016: None).

NOTE 10: FAIR VALUES

The fair values of financial assets and financial liabilities approximate their carrying amounts as disclosed in the consolidated statement of financial position and notes to the condensed financial report.

NOTE 11: SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 31 December 2016 that has significantly affected or may significantly affect:

- (a) the operations subsequent to 31 December 2016, of the consolidated entity, or
- (b) the results of those operations, or
- (c) the state of affairs, subsequent to 31 December 2016, of the consolidated entity.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 6 to 15 in accordance with the *Corporations Act 2001*:

- (a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2016 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Future Fibre Technologies Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

**Robert Broomfield**

Director
Melbourne
24 February 2017

To the members of Future Fibre Technologies Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Future Fibre Technologies Limited, which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the director's declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the half-year 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 half-year 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 financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Future Fibre Technologies Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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.

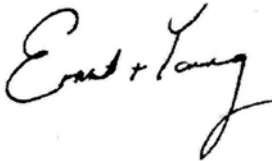
Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Future Fibre Technologies Limited is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



Ernst & Young



Robert Dalton
Partner
Melbourne
24 February 2017



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