

Tuesday 30 January 2017

FFT Appendix 4C – Third consecutive quarter of positive operating cash flows

- Net operating cash flows of \$2.4m, up by \$1.7m on prior quarter
- Net investing cash flows include \$1.8m from newly acquired MaxSec Group Limited (ASX: MSP)
- Consolidated cash position of \$9.5m, with no debt

Future Fibre Technologies Limited (ASX: FFT), a global leader in fibre optic intrusion detection systems, today released its Appendix 4C for the quarter ended 31 December 2017.

FFT's positive net operating cash flows of \$2.4m for the quarter included R&D grant income of \$1.2m and improved customer receipts from FFT business operations, which were up 28% on the prior quarter. It also included one month of contribution from MaxSec Group Limited ("MaxSec") of \$0.8m in customer receipts and an overall negative operating cash flow of \$0.15m.

The Company finished the quarter with \$9.5m cash at bank, which included \$1.65m of cash from the consolidation of newly acquired MaxSec in which FFT holds an 86.8% controlling stake.

Gross forecast cash outflows of around \$7.5m are expected for next quarter. This excludes cash inflows from customer payments.

FFT Chief Executive Rob Broomfield said: *"FFT experienced a productive quarter with new perimeter security contracts received and the MaxSec takeover successfully closed. The Company also reaffirmed its sales revenue guidance for FY2018 and remains focussed on converting FFT's strong sales pipeline into revenue. We are also excited to now begin integrating and leveraging the individual strengths of FFT, BQT and AVA Global to build a global security industry network with the experience, expertise and infrastructure to jointly promote and deliver our respective products and services."*

About FFT

FFT is a leading developer and manufacturer of fibre optic perimeter 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 over 1,500 systems installed in more than 65 countries, FFT has established a solid reputation for delivering highly intelligent, reliable, and award winning intrusion detection solutions. www.fftsecurity.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Future Fibre Technologies Limited

ABN

67 064 089 318

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		5,872	9,833
1.2 Payments for			
(a) research and development		(159)	(183)
(b) product manufacturing and operating costs		(2,008)	(3,146)
(c) advertising and marketing		(42)	(110)
(d) leased assets		-	-
(e) staff costs		(1,992)	(3,662)
(f) administration and corporate costs		(530)	(968)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		7	26
1.5 Interest and other costs of finance paid		(1)	(1)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		1,268	1,268
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		2,415	3,057
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(13)	(14)
(b) businesses (see item 10)		-	-
(c) investments		-	(1,845)
(d) intellectual property		(96)	(350)
(e) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	1	1
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) – cash from consolidation of MaxSec Group Limited	1,840	1,840
2.6	Net cash from / (used in) investing activities	1,732	(368)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(13)	(15)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(13)	(15)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,501	6,945
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,415	3,057
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,732	(368)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(13)	(15)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(101)	(85)
4.6	Cash and cash equivalents at end of quarter	9,534	9,534

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,586	3,443
5.2	Call deposits	6,948	2,058
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,534	5,501

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

(172)

-

Directors fees and salaries.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

(18)

-

Payments for goods and services acquired from MaxSec Group companies during the quarter before FFT obtained control of the entities.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	1,020	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Secured Business overdraft facilities with Westpac Banking Corporation, and ANZ Banking Group Ltd. Interest rates are variable with the lenders base business lending rate.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(75)
9.2 Product manufacturing and operating costs	(3,400)
9.3 Advertising and marketing	(50)
9.4 Leased assets	-
9.5 Staff costs	(2,850)
9.6 Administration and corporate costs	(1,125)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(7,500)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	MaxSec Group Limited	
10.2 Place of incorporation or registration	Sydney, Australia	
10.3 Consideration for acquisition or disposal	\$10,448,000 – being the fair value of FFT ordinary shares issued as consideration under the takeover offer.	
10.4 Total net assets	Currently being determined by independent valuation in accordance with AASB3.	
10.5 Nature of business	MaxSec Group Limited, through its divisions BQT Solutions and Ava Global, is a leading designer, developer and global provider of quality reliable and secure smart card and reader systems, biometric scanners, locking devices and a global provider of secure logistics and storage services.	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date:30/01/2018.....

Print name: ..Leigh Davis.....

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.