

31 August 2016

FY2016 positions FFT for future growth

- New sales & marketing resources recruited
- May 2016 signing of major distribution partner
- Further investment in R&D to drive competitive advantage
- Total Revenue \$15.5 million
- EBITDA loss of \$5.6 million (Pro-forma loss of \$2.7 million)
- Cash position of \$12.1 million at 30 June 2016 - no debt
- Strong balance sheet
- Growing list of project opportunities

Future Fibre Technologies Limited (ASX: FFT), a global leader in fibre optic intrusion detection systems, today announced its financial result for the full year ended 30 June 2016 (FY16).

In FY16, FFT delivered revenues of \$15.5 million and expanded its long list of blue chip end users in several geographic locations. As at 30 June 2016, FFT's balance sheet remained strong with a cash balance of \$12.1 million, and no external debt or borrowings. The Company's cash receipts from customers strengthened to \$15.4M (up \$3.1M from FY2015).

Commenting on the result, FFT Chief Executive Rob Broomfield said: *"FFT continues to implement its growth strategy – investing in operations, global sales and technology. In June 2016, we appointed ex-G4S senior executive Mark Horton as our Global Sales and Marketing Director, expanded our presence in the Americas with a local sales office in Brazil and appointed additional customer-facing staff in Vietnam and Singapore. Our R&D efforts also remained a priority with particular focus on our covert/buried detection solution and software enhancements to further reduce nuisance alarms and product development to support our Distribution Program."*

"In May 2016, we were pleased to announce a global distribution agreement with Anixter International (Anixter), a multinational supplier of communications and security products with a presence in more than 50 countries. Since the announcement, we have been working with the Anixter team on training, product introduction and developing rollout strategies for specific verticals. We have also received initial orders from Anixter that will see our perimeter intrusion technology installed across multiple utility sub-stations in North America. FFT is actively pursuing additional distribution partnerships in the United States and other key territories and we expect to secure complementary agreements in the coming financial year."

Expenses included within FFT's FY16 results include:

- Increased operating expenses consistent with FFT's continued investment in operations, global sales and product improvements, and in-line with the company's growth strategy
- Research & Development expenditure of circa \$2.0m, investing in the future of FFT products and software (50% capitalised)
- One off adjustments of \$2.5 million, including required accounting discounting for long term receivables and the impairment of one debtor that requires other recovery actions.

Commenting further on the result, Mr Broomfield added: *"FFT's FY16 progress in financial terms has been mixed. While we delivered strong revenues in 1H FY16, our result for the second half has been disappointing. We underestimated the impact of the lower oil price on oil and gas projects scheduled to commence in 2H FY16. Investment delays were particularly evident in the Middle East with a number of large projects delayed, but also evident in Asia Pacific and Latin America, which had contributed significant revenues in the previous year. Importantly, FFT remains well positioned to implement these projects in the future and carries forward a number of strong sales opportunities for when oil prices stabilise and improve."*

"In response to new security standards, FFTs' Network Security application is receiving increasing interest from the US utility sector, and our technology has recently been short-listed for a large military network security program overseas. Recent end-user testing of FFT solutions against competitor products is also delivering positive results and further strengthening our reputation as the perimeter security solution of choice for US Utility operators."

"With a substantial project pipeline of potential sales opportunities, we will continue to expand our sales resources to take advantage of existing and new opportunities resulting from global security concerns. We will also continue to focus on building our Distribution and Network Security programs," Mr Broomfield said.

- 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 55 countries, FFT has established a solid reputation for delivering highly intelligent, reliable, and award winning intrusion detection solutions. www.fftsecurity.com

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