

Monday 16 October 2017

FFT Appendix 4C – Second consecutive quarter operating cash flow positive

- **Net operating cash flows up by over \$600k to \$645k for the quarter**
- **Net investing cash flows includes \$1.8m strategic investment in MaxSec**
- **Cash position of \$5.5m, 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 30 September 2017.

FFT Chief Executive Rob Broomfield said: *“As evidenced by announcements in recent months, including initial Aura Ai contract wins and significant orders for FFT’s broader family of fibre optic security solutions, we continue to make positive progress on a number of fronts. As well as stronger revenues from the Perimeter Intrusion Detection market, FFT’s Distribution and Adjacent Markets (safety and sensing) strategy has contributed to the quarter’s sales revenue, with Data Network Security contracts also forming part of 2Q FY2018 backlog.”*

Of the \$7.5m of contracts secured for FY2018 to date, \$4.3m was invoiced in the quarter, an increase of 87% on 1Q FY2017.

FFT’s revenue growth, combined with improved gross margins and reduced operating costs, delivered an unaudited net profit of \$0.6m for the quarter.

FFT finished the quarter with \$5.5m cash at bank following a \$1.8m investment for a 13% strategic stake in MaxSec Group Limited (ASX: MSP). MSP is currently the subject of a proposed takeover offer from FFT.

Gross forecast cash outflows of around \$3.5m are expected for next quarter. This excludes cash inflows from customer payments and government grant proceeds.

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 1,000 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	Quarter ended ("current quarter")
67 064 089 318	30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,961	3,961
1.2 Payments for		
(a) research and development	(24)	(24)
(b) product manufacturing and operating costs	(1,138)	(1,138)
(c) advertising and marketing	(68)	(68)
(d) leased assets	-	-
(e) staff costs	(1,670)	(1,670)
(f) administration and corporate costs	(438)	(438)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	19	19
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	642	642

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(1)
(b) businesses (see item 10)	-	-
(c) investments	(1,845)	(1,845)
(d) intellectual property	(254)	(254)
(e) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(2,100)	(2,100)
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	(2)	(2)
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	(2)	(2)
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	6,945	6,945
4.2	Net cash from / (used in) operating activities (item 1.9 above)	642	642
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,100)	(2,100)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	(2)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	16	16
4.6	Cash and cash equivalents at end of quarter	5,501	5,501

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	3,443	1,434
5.2	Call deposits	2,058	5,511
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)	5,501	6,945

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**

(210)

-

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**

15,340

-

Payments for goods and services acquired from BQT Solutions (a division of MaxSec Group Ltd).

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	1,000	-
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.		

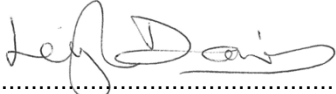
Secured Business overdraft facility with Westpac Banking Corporation. Interest rate is variable with the lenders base business lending rate.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(25)
9.2 Product manufacturing and operating costs	(1,140)
9.3 Advertising and marketing	(60)
9.4 Leased assets	-
9.5 Staff costs	(1,600)
9.6 Administration and corporate costs	(375)
9.7 Other (provide details if material)	(300)
9.8 Total estimated cash outflows	(3,500)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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:  Date:16/10/2017.....
(Director/Company secretary)

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.