

11 May 2006

**The Manager
Company Announcement Office
Australian Stock Exchange Limited
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000**

Dear Sir,

COMPLETION OF ACQUISITION OF FLATOUT BOATS

Quickstep Holdings Limited (**ASX: QHL**) is pleased to announce that it has today completed the previously announced acquisition of Western Australian-based specialty boat-builder, Flatout Boats, following the completion of due diligence and settlement of an initial cash payment of \$75,000 to the vendors of the business.

The total consideration for the acquisition, including all associated patents and designs, is \$250,000, which will be paid in increments within the next 18-months, commencing with the initial \$75,000 payment already made. The milestone payments will be based on production, with the first payment of \$50,000 to occur after completion of the first 150 boats. Thereafter, two further payments of \$50,000 and a final payment of \$25,000 will be made upon incremental sales of 100 boats.

Quickstep's Directors believe that the acquisition of Flatout Boats has the potential to form the basis of a significant new manufacturing business for the Company, utilising its composites technology to manufacture panels out of a new range of high-performance, firebreaglass-reinforced thermoplastic material. This, in turn will help to open up a range of new, vertically integrated markets for Quickstep's flat panel composites manufacturing business.

As detailed to the market in a release on 29 March, the "Flatout Boat", which was conceived and designed in Perth, Western Australia, is believed to be the first "rigid" folding boat available in the world market. The boat utilises new technology incorporating a unique patented geometry which enables the front to bend upward to form the shape of a conventional bow as it is being opened from a flat position.

Quickstep intends to significantly expand production of Flatout Boats, initially establishing a new commercial manufacturing facility in Perth incorporating a Quickstep QS20TP production machine to produce panels using the thermoplastic composite material, and later target manufacturing opportunities for the product in global markets. The Company is aiming to have the new manufacturing facility for Flatout Boats operational during the second half of 2006.

Yours faithfully,

**Nick Noble
Managing Director
Quickstep Holdings Limited**

For further information, please refer to:

www.flatoutboats.com.au

www.quickstep.com.au

Background on Quickstep Holdings Limited

Quickstep Holdings Limited (ASX Code: **QHL**) is an international advanced materials company which is pursuing the global commercialisation of an innovative, proven composites manufacturing technology with application in the multi-billion dollar aerospace and automotive industries as well as other mid-tier market segments.

Composites combine high strength with light weight and are key materials in aerospace, automotive, marine, defence, public transport and industrial applications. The global composites parts market is growing strongly, reflecting a shift towards the greater use of composites as an increasingly desirable replacement for metals in many applications because of their high strength and reduced weight.

Quickstep's unique and patented Quickstep Process is an innovative fluid-based curing technology that significantly reduces the cost and time involved in the production of composites compared with conventional processes. Quickstep has been at the leading edge of the growing need to reduce part costs since the early 1990s, with a significant investment in the development of the Quickstep Process over the past decade.

Quickstep has pilot production machines and international showcase centres currently operational in Perth, Western Australia; Geelong, Victoria; Manchester, United Kingdom; and soon to be operational at Dayton, Ohio in the United States. This global network of showcase sites, operating in partnership with leading international composites organisations, provide comprehensive demonstration and evaluation facilities for potential customers, readily accessible to Quickstep's key international markets.

Global alliances are also in place with major international advanced materials suppliers, alongside R&D and Cooperation Agreements with groups such as the National Composite Center in the United States, VCAMM, the University of Manchester and the Australian National University (ANU) in Canberra.

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