



# Quickstep

HOLDINGS LTD



October/November  
2007

# Newsletter



Dear Fellow Shareholder,

**Welcome to Quickstep's October/November Shareholder Newsletter, providing an update on a number of exciting developments over the past Quarter.**

Following the landmark Cooperation & Development Agreement with Eurocopter – the world's largest helicopter supplier – as reported in our last Shareholder Newsletter, I am pleased to advise that our German operations are now well underway. Our new Quickstep Centre in Germany, located inside the EADS group

facilities in Munich, was officially opened on 9 October by Australia's Ambassador to Germany, Mr Ian Kemish AM.

Quickstep GmbH, a wholly owned subsidiary of Quickstep, will manage our German operations and has already secured its first manufacturing development contract, developing prototype parts for Airbus Deutschland GmbH: Site Laupheim, a subsidiary of the global aerospace company, Airbus.

With Quickstep now poised to commence the final stages of preparation to secure aerospace process qualification and parts certification for the patented 'Quickstep Process', in September we announced plans for a \$6.0 million share placement and Share Purchase Plan (SPP) at 60 cents per share.

The proceeds of this capital raising will be used to fund process qualification and part certification work relating to the Cooperation & Development Agreement between Quickstep and Eurocopter, as well as initial manufacturing trials for Airbus Deutschland GmbH: Site Laupheim, Sikorsky and GE Aviation. The balance of the proceeds will be used for working capital and to assist in preparing Quickstep's world headquarters in Fremantle, Western Australia, for aerospace parts manufacturing.

The Share Purchase Plan (SPP) has been established to enable eligible shareholders in the Company, irrespective of the size of their shareholding, to purchase up to \$5,000 worth of fully paid ordinary shares in Quickstep in any 12-month period, at an attractive price, free of all brokerage and commission.

Eligible shareholders who choose to participate in the SPP can select one of three levels of participation:

Number of Shares applied for under SPP	Investment Amount
8,300	\$4,980
5,000	\$3,000
3,000	\$1,800

The SPP is open to all eligible shareholders who were registered holders at 5.00pm Perth time on 3 October 2007, and will close on 25 October 2007. Documents relating to the SPP were sent to shareholders on 5 October 2007.

Under the SPP, eligible shareholders can purchase shares at a price of 60 cents per share – representing a 15.7% discount to the average closing price of the Company's shares over the 5 trading days prior to 12 September 2007.

If you would like to participate in this SPP, I encourage you to act quickly as the offer is scheduled to close on 25 October 2007.

I would like to again thank all our Shareholders for their ongoing support, and acknowledge those investors who supported the capital raising and SPP. We are entering a very important period in the Company's development as aerospace certification draws near, and I look forward to sharing this exciting phase with you all.

The following pages contain further information on the many projects we are currently undertaking – I hope you enjoy reading about them.

**Nick Noble**  
Managing Director

# Why wait for the future.

## New testing and manufacturing facility officially opened in Germany

Following the landmark Cooperation & Development Agreement with Eurocopter, the world's largest helicopter supplier, reported in our last shareholder newsletter, Quickstep's new German testing and manufacturing facility was officially opened on 9 October 2007 by Australia's Ambassador to Germany, Mr Ian Kemish AM.

The opening was celebrated at a function held on site at the EADS group facilities in Munich, where a Quickstep OS20 composites production machine was successfully commissioned in August. The facility will be operated by Quickstep's wholly owned subsidiary, Quickstep GmbH, and will be used to conduct manufacturing trials and development work for European aerospace groups including Eurocopter and Airbus.

The Centre represents an integral component of the Company's strategy to qualify the Quickstep Process for use in aerospace parts manufacturing. This new facility will enable Quickstep to conduct vital development work with a number of key aerospace groups that we anticipate may lead to our first large-scale aerospace manufacturing contracts in 2008.

The first projects to be conducted at the site will involve development work carried out under the CDA with Eurocopter, as well as the manufacture of prototype parts for Airbus Deutschland GmbH - Site Laupheim, a wholly owned subsidiary of the global aerospace company, Airbus (see the following page for further details). Both Eurocopter and Airbus are part of the EADS group, a global leader in aerospace, defence and related services, which in 2006 generated revenues of over €39 billion.

Australia's Ambassador to Germany, Mr Ian Kemish AM, who officiated at the opening, congratulated Quickstep on the establishment of the Centre.

"This is an example of the world class technology that Australia can bring to the international community," he said.

Quickstep's German facility is the Company's fourth international showcase site, with similar sites also operating at the University of Manchester in the UK, at the National Composite Center in Dayton in the US, and at the Victorian Centre for Advanced Materials Manufacturing (VCAMM) in Geelong, Australia.



Top: Australia's Ambassador to Germany, Mr Ian Kemish AM at the official opening of Quickstep's new German facility.

## New Research from VCAMM Delivers More Good News for Quickstep

The Victorian Centre for Advanced Materials Manufacturing (VCAMM) in Geelong is an important source of Research & Development initiatives for Quickstep, and is currently undertaking two key projects investigating the potential benefits of the Quickstep Process.

The first project is examining the effects of the Quickstep Process on the production of 'nanocomposite' materials. Nanocomposites are part of the broader field of 'nanotechnology', which is currently attracting major attention in the global scientific community. It involves the introduction of tiny 'nano sized' particles into the host composite material, which can serve to significantly change and improve the overall properties of the resulting product. Nanocomposites have specific application in the production of fire retardant composite materials, widely used in aerospace and automotive interiors.

The initial research results have demonstrated that the Quickstep Process may lead to significant improvements in the structure of nanocomposites. The research has focused on comparing the structure of clay platelet particles in epoxy thermoset materials manufactured using different processing techniques, and preliminary results indicate that the mechanical vibrations used in the Quickstep Process assist in separation, ensuring the platelets are evenly separated throughout the composite material, significantly enhancing their overall effect. Faster heating also allows the polymer to get in between the clay platelets to further improve separation.

Nanocomposite production is a massive growth area in the global composites industry. If VCAMM's research does conclusively prove that the Quickstep Process can offer key enhancements to the characteristics of nanocomposite materials, this would be a major new drawcard in attracting aerospace and automotive manufacturers to the technology.

The second key project involves a study of the effect of the Quickstep Process in the manufacture of composite parts for automotive applications.

Composites are currently used extensively in the manufacture of racing cars and high performance 'super cars' to deliver improved strength-to-weight ratios and increased fuel efficiency. However the application of



composite technology in the broader automotive industry has been limited due to key barriers, two of which are the increased cost of manufacturing; and the absence of reliable computer modelling showing how composite automotive components react in crash situations.

Initial research results from VCAMM have indicated the Quickstep Process may deliver a viable solution to both barriers to entry.

The research has involved the manufacture of composite 'tubes' which are designed to simulate standard steel chassis rails in a vehicle. VCAMM then 'crash tests' these tubes to determine how they react in a crash scenario and the results so far have proved extremely positive - confirming that manufacturing automotive parts using the Quickstep Process has strong potential.

Initial tests have shown that carbon fibre parts manufactured using the Quickstep Process absorb crash energy at a rate of up to 86 kilojoules per kilogram. This compares to around 60kJ/kg for aluminium and around 45kJ/kg for steel. The more energy that can be absorbed by a vehicle in a crash, the less that is transferred to the vehicle's occupants, making passengers safer.

In addition, VCAMM has been able to cure a crash tube using the Quickstep Process in seven minutes, which compares favourably with other composites manufacturing techniques and is within the acceptable limits for the automotive industry who manufacture in large volumes.

If ongoing research confirms VCAMM's initial test results, it would represent a significant opportunity for the Company, and could offer a new stream of business opportunities from luxury and performance car manufacturers.

**Outlook** With important development work now underway for a number of aerospace companies - including Airbus Deutschland GmbH: Site Laupheim, GE Aviation, Sikorsky and Eurocopter - through our international centres of excellence, we are confident that Quickstep is well positioned to secure future aerospace manufacturing contracts and potential Joint Ventures.

Our key aim over the next few months is to continue to work closely with our customers to confirm the Quickstep Process as a viable and effective alternative to their existing manufacturing technology. If the small-scale development contracts secured this year can be converted into larger, longer-term projects once the basic technology has been certified, this is expected to drive a major increase in shareholder value.